

EIGHT PAGES  
FROM SUNDAY'S  
**The New York Times**  
WEEKLY REVIEW  
INSIDE TODAY

# THE JERUSALEM POST

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SECOND EDITION

## Shcharansky: 'Soviets to free my mother'

By SARAH HONIG  
Post Political Correspondent  
TEL-AVIV — Anatoly Shcharansky confirmed last night that his family would in all likelihood be allowed out of the USSR this month.  
A report to this effect will appear in the next issue of *Newsweek*.  
Shcharansky spoke to his mother, Ida Milgrom in Moscow Saturday night. She told him that the Soviet emigration authorities had summoned her and informed her that she, her son Leonid, as well as his wife and two children would be permitted to emigrate to Israel in three weeks' time.  
Shcharansky reported that "there wasn't much of a conversation" with his mother, because she was weeping for joy.  
In Moscow, Leonid, 40 yesterday, told Reuters the Soviet authorities had notified him on July 27 that he and his family would be permitted to emigrate to Israel. The family expects to fly to Vienna on August 23, he added.  
"We are all very glad," Leonid said. "After all these years, at last it is the end of the story and I hope we (Continued on back page)



Ten black-draped trestles capture the mood of stark emptiness at Kibbutz Heftziba yesterday.

(IPPA)

## Cabinet discusses measures to make roads safer Kibbutz Heftziba buries its dead

Jerusalem Post Staff  
Kibbutz Heftziba bowed its head in mourning yesterday as the 10 victims of last Thursday afternoon's Tz'aschim Road crash were laid to rest.  
A shock wave reminiscent of the one generated by the June 1985 Hahonim bus-train collision affected Israelis from all walks of life, and the widespread grief was combined with the resolve that more must be done to make the country's roads safer.  
As the cabinet yesterday discussed specific measures to achieve this goal, the police team investigating Thursday's crash reported that the two vehicles involved had both veered out of their lanes.  
The van carrying the kibbutz children strayed into the north-bound lane, while the truck veered into the south-bound lane, police reported, adding that the findings were conclusive.  
The crash left 10 dead, nine of them 15-17-year-olds from the kibbutz, the tenth their driver, Eitan Gilboa, 35. The truck driver walked away with only slight injuries.  
Transport Minister Haim Corfu proposed to the cabinet that air conditioners be mandatory in all cars; that drivers of heavy vehicles be required to take extra training; and that traffic police be introduced.  
Minister-without-Portfolio Yosef Shapira suggested that money saved by the reduction of petrol prices be spent on road improvement and on other measures designed to reduce accidents.  
Premier Peres wound up the discussion with a proposal that the cabinet devote a separate session to the subject of road accidents.  
Thousands of silent mourners attended yesterday's funeral at the cemetery Heftziba shares with Kibbutz Beit Alpha at the foot of Mount Gilboa.  
President Herzog, Knesset Speaker Shimon Hiloni, Ministers Yitzhak Navon, David Levy and Ya'acov Tsur and several Knesset members joined the bereaved families and friends of Eitan Gilboa, 15-year-old Asa Ariel, Dotan Ben-Da'at, and Noam Nitzan, 16-year-old Ofer Levi, Yochai Stolarik and Tzachi Shus, and 17-year-old Remma Ben-Dor, Avital Lepler and Aviv Ron.  
Navon spoke of the Hahonim crash, in which 19 schoolchildren and three adults had died, saying: "We hoped then that we would never have to witness such terrible things again."  
Rafi Levi eulogized his son Ofer, recalling how much he and his wife had longed for a son. "We are not parting from you. We will always be with you, and you will always be with us," he said.  
Anat, who studied at Elin Harod Regional School with the nine children, said: "We pass through the schoolyard, the empty classrooms, the playground, the lawn, and it seems as if they are there, their voices, their laughter, their footsteps. We have not yet grasped the meaning, the heart refuses to believe."  
Superintendent Menahem Haddad, head of the National Police Traffic Department, said that while the findings were conclusive, follow-up laboratory tests on damaged vehicle parts would have to be conducted before the investigation was wrapped-up.  
The police also photographed the route taken by the truck-driver, Shimon Shukran, who was remanded in custody for five days on Friday by the Nazareth Magistrates' Court. Shukran has testified that he was blinded by the sun and "may have lost control for a few short seconds." From yesterday's photographs it will be possible to determine whether the sun was indeed shining into Shukran's eyes, as he has claimed, police said.  
The police have already reached their own conclusions with regard to Shukran's claims, Haddad said.  
Israel TV reported late last night, however, that the police had determined finally that the truck had not strayed out of its lane, and that Shukran was not to blame for the collision.  
The police are trying to trace the driver of a white Subaru who might have witnessed the collision. They believe that the car belongs to the United Kibbutz Movement.  
(Continued on Page 2, Col. 1)

## Weizman very upbeat on Taba; Shamir stalling

By BENNY MORRIS  
Post Diplomatic Correspondent  
Minister without Portfolio  
Ezer Weizman said he is "very optimistic" about the outcome of the Taba negotiations, following last night's meeting between senior Israeli ministers and U.S. Assistant Secretary of State Richard Murphy.  
But spokesmen for Foreign Minister Shamir said that Shamir, in the discussions, rejected a proposal for the immediate initialing of the *compromis*, and said that it must first receive inner cabinet approval. This seemed to indicate that a major policy clash may develop between Shamir and Premier Peres tomorrow or on Wednesday over the initialing of the document should Israel and Egypt resolve the major outstanding issues by then.  
Murphy, who flew in from Cairo yesterday evening, spent an hour with Weizman, Peres and Shamir, and was expected to fly back to Cairo this morning with Israel's responses to the latest American and Egyptian proposals.  
The U.S. is believed to be pressing for an immediate initialing of the Taba *compromis*.  
Israel Radio last night reported that Shamir had opposed such an initialing until the major points at issue — the nature and production of the "annex" to the "question" in the *compromis*, and the identities of the three international arbitrators — are resolved.  
The Americans want the agreement at least initialled, if not formally signed, in the presence of U.S. Vice President George Bush, before he leaves Cairo for the U.S. on Wednesday.  
Weizman's optimism last night seemed to indicate that there was hope in the Prime Minister's Office that the obstacles could indeed be cleared by Tuesday or Wednesday.  
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(Continued on page 7)

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(Continued on page 7)

## Peres tells Palestinian delegation: Israel prepared to give more authority in areas

By JOEL GREENBERG  
Jerusalem Post Reporter  
Israel wants to give increasing administrative powers to Palestinians in the territories and to discuss economic and industrial development in the Areas with them, Premier Shimon Peres told Palestinian representatives yesterday.  
Peres's hour-and-a-half meeting at his office with 25 mayors and businessmen from the West Bank and Gaza was the first in a series of discussions with such delegations, an aide to Peres said. The meeting reflected Peres's policy of dialogue with the Arabs, as evidenced by his proposal at the Morocco summit for talks with authentic Palestinian representatives, the aide said.  
Peres proposed to his visitors that Palestinian mayors be appointed in all Arab cities in the territories, that the power of Arab municipalities be widened and that discussions be held on development in such areas as industry, health, education and banking. "It's up to you," Peres said, adding that Israel did not intend to...  
(Continued on Page 2, Col. 2)

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(Continued on Page 2, Col. 2)

## C'wealth leaders weigh sanctions

LONDON — Leaders of seven Commonwealth nations agreed yesterday that South Africa was making inadequate progress in dismantling apartheid and, lacking any sign it intends to do so, prepared to consider economic sanctions against the Pretoria government.  
The decision was reached at the opening session of a three-day summit meeting in London preceded by a partial concession from Zambian President Kenneth Kaunda to a British demand that other countries be consulted before the 49-nation Commonwealth adopts sanctions.  
Asked whether the unanimity on the question of Pretoria's inadequate progress meant British Prime Minister Margaret Thatcher was ready to give up her strong opposition to sanctions, the chairman of the mini-summit, Bahamas's Prime Minister Sir Lynden Findling, told a news conference, "I don't think I implied any such thing."  
(Continued on Page 3)

## IDF looks ahead to the next decade

By HIRSH GOODMAN  
Post Defence Correspondent  
The IDF high command this week initiated a series of debates on the Army's development plan for the next decade. The plan will be the basis on which Israel's security strategy will be built, dictating the composition of the country's forces to the year 1996, and hence its overall deterrent posture.  
It will take into account the weapons systems expected to reach the arena from both East and West over the next 10 years.  
The plan is also being based on the assumption of a diminishing defence budget, the implications of which are so severe that, according to Chief of General Staff Moshe Levy, "even if the Lavi project is killed, and no new aircraft are acquired, we will not be able to cater to our minimal needs." The chief of general staff's pessimism is due to an expectation of diminishing funds on two fronts: a drop in U.S. aid, due to the Gramm-Rudman amendment which sets a ceiling on U.S. budget deficits and the shrinking value of the dollar, and continued cuts in the defence budget at home.  
Decisions taken now will only be felt in 10 years' time, a decade being the normal time-frame for the development, supply and integration of a weapons system into the armed forces. They have to be accurate in their projections of the threat, and of the economic and demographic ability of Israel to respond. They have to correctly project the answers to dozens of basic strategic questions, such as: the outcome of the Iraq-Iran war and what the end of that conflict will mean in terms of the constellation of forces Israel may have to face; the types of armaments flowing into the region and the ability of the Arabs to absorb them; the economic, demographic, sociological and political realities in the neighbouring and peripheral Arab countries; Israel's projected industrial and technological capabilities; and even the attitudes of future U.S. administrations.  
The General Staff will, in essence, have to decide on the size and structure of Israel's future order of battle and, as a consequence, dictate...  
(Continued on back page)

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(Continued on back page)

## More liberal money rules being weighed

By AVITAMKIN  
Post Economic Reporter  
The Treasury and the Bank of Israel are currently considering a further liberalization of foreign currency regulations, after yesterday's announcement of a partial lifting of restrictions dealing with the transfer of foreign currency abroad. Finance Minister Moshe Nissim said that a decision about further deregulation would be reached within two months.  
(Continued on page 7)

## Shawwa — realist extraordinary

Rashad Shawwa, the deposed Gaza mayor who returned from talks in Jordan with top officials yesterday, has always stood by his beliefs and made sure they were heard, loud and clear.  
He has, in his long life, often witnessed Palestinian foolishness and intransigence combining to...



YEHUDA LITANI

block solutions to the Palestinian problem, including proposals that would have allowed for Palestinian rule over half of Mandatory Palestine.  
Working solely in what he sees as the best interests of the Palestinians, Shawwa has spent the last year or so pursuing yet another initiative: working desperately to ensure that Arab stubbornness does not allow Greater Israel to become a reality.  
He has excellent contacts with all the parties involved: the Jordanians, Egyptians, the PLO, and Israelis — especially Prime Minister Peres and Defence Minister Rabin. Shawwa, indeed, has been accepted by Peres as "an authentic Palestinian."  
Nevertheless, Shawwa has come to be regarded by many PLO supporters in recent weeks as the traitor to the Palestinian cause.  
Other moderate leaders, as is their habit in times of tension, have held their peace in recent months. But Shawwa has said out loud that without Jordan and Egypt, there can be no solution to the conflict, given the present Middle East configurations. In light of the rift between Jordan and the PLO, such a stand is anathema to the pro-PLO West Bankers, who see it as treason.  
By JOEL GREENBERG  
Jerusalem Post Reporter  
Deposed Gaza mayor Rashad Shawwa returned yesterday from a three-week visit to Jordan and said that most Palestinians supported his view that "the PLO should be responsive to the wishes of the residents of the territories, and should not impose its opinions on them."  
Shawwa was greeted by about 100 supporters at the Allenby Bridge, where he said that most Palestinians favoured a confederation with Jordan, without which there could be no break in the Middle East stalemate.  
It comes as no surprise, then, that Shawwa has recently been receiving death threats — some of them extremely strongly-worded. One of his...  
(Continued on Page 2, Col. 1)

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|            | MIN. | MAX. |       |
|------------|------|------|-------|
| AMSTERDAM  | 9    | 21   | Clear |
| BRUSSELS   | 10   | 20   | Clear |
| BIRMINGHAM | 11   | 18   | Clear |
| CHICAGO    | 18   | 24   | Clear |
| COPENHAGEN | 12   | 22   | Clear |
| FRANKFURT  | 11   | 21   | Clear |
| GENEVA     | 10   | 20   | Clear |
| HELSINKI   | 10   | 20   | Clear |
| HONGKONG   | 27   | 31   | Clear |
| JERUSALEM  | 18   | 28   | Clear |
| LONDON     | 14   | 20   | Clear |
| MADRID     | 15   | 25   | Clear |
| MONTREAL   | 17   | 23   | Clear |
| NEW YORK   | 11   | 21   | Clear |
| OSLO       | 11   | 21   | Clear |
| PARIS      | 12   | 22   | Clear |
| SAO PAULO  | 12   | 22   | Clear |
| STOCKHOLM  | 12   | 22   | Clear |
| TOKYO      | 27   | 31   | Clear |
| TORONTO    | 17   | 23   | Clear |
| ZURICH     | 17   | 23   | Clear |

\*For the latest weather conditions contact Swissair.

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## THE WEATHER

|             | Yesterday's | Yesterday's | Today's |
|-------------|-------------|-------------|---------|
|             | Humidity    | Min-Max     | Max     |
| Jerusalem   | 45          | 20-32       | 31      |
| Nahariya    | 66          | 20-31       | 31      |
| Safed       | 29          | 20-32       | 32      |
| Haifa Port  | 29          | 20-32       | 32      |
| Thessalon   | 29          | 20-32       | 32      |
| Nazareth    | 34          | 20-32       | 32      |
| Afula       | 47          | 23-34       | 35      |
| Shomron     | 45          | 20-31       | 32      |
| Tel Aviv    | 43          | 21-30       | 30      |
| B-G Airport | 54          | 21-31       | 32      |
| Jericho     | 34          | 23-40       | 40      |
| Gaza        | 65          | 22-30       | 30      |
| Beersheba   | 33          | 19-34       | 35      |
| Eilat       | 29          | 27-39       | 40      |

## SHAWWA

(Continued from Page One)

packaging plants was burned down 10 days ago.

Shawwa, however, is no stranger to threats. There were several attempts to assassinate him in the '70s, when he was also considered to be too moderate by many PLO supporters.

In fact, Shawwa has often been caught in the middle and criticized by both Israelis and Arabs.

Having survived numerous trials and tribulations - not to mention a period in jail in Egypt - Shawwa feels that no one can deny him the right to be called a true Palestinian nationalist. He is well into his seventies, and is prepared to take one more chance in the hope of contributing to a serious effort to open the way to a solution for the Palestinian problem.

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## HEFTZIBA

(Continued from Page One)

Corfu said at the cabinet that, besides making air-conditioning compulsory in vehicles, import taxes on spare parts for such air-conditioners should be cancelled.

Corfu's assumption was that drivers on hot summer days do not drive as well as on cooler days or as well as they would with air-conditioning.

Police Minister Haim Bar-Lev objected to the idea of traffic police, saying that the country was too small to have a separate traffic force.

Finance Minister Moshe Nissim told ministers that, if they wished, they could earmark "300 million" from the budget for accident prevention - but they should not divert the revenue from a particular tax.

Nissim also said that taxation on air-conditioners in cars was "marginal." The director of state revenues, Israel Bar-On, told the ministers that there was only a \$20 tax on the \$700 air-conditioners.

Corfu said that Israel's roads had the highest traffic density in the world. But Housing Minister David Levy said that the Israeli road system was among the world's best. He said that Israeli roads enjoyed "international respect."

Peres said that the past week's toll of 24 dead on the roads made cabinet consideration of the matter imperative.

The "Am Yafeh" movement yesterday announced that it was setting up a volunteer unit to work to reduce road accidents. Anyone interested in joining is invited to call 03-5465489.

## HOME NEWS

# Egypt Tourism Minister at Yad Vashem: 'No religion can permit such conduct'

By GREER FAY CASHMAN and ERNIE MEYER

Jerusalem Post Reporters  
Egypt's minister of tourism and civil aviation, Dr. Fouad Sultan, toured Yad Vashem yesterday and wrote in the visitors' book: "What I have seen cannot be counted as moral behaviour, and no religion can permit such conduct."

Sultan, who arrived here yesterday, visited the Holocaust memorial in the afternoon accompanied only by the Egyptian chargé d'affaires, Mohammed Bassiouny, and the official in charge of the Israel desk at the Egyptian Tourism Ministry, Badr Hamam Badr.

Sultan was taken on a quick tour of the Yad Vashem museum by spokesman Rabbi Menahem Fogel. He asked no questions and requested no explanations during the tour, remarking only, "This is the work of crazy persons, followed by a

crazy people. This belongs to the Middle Ages."

At the Ohel Yizkor memorial hall, Sultan donned a black paper skullcap after hearing that this was the custom in a place devoted to the memory of the slain.

There had been a question whether Sultan would place a wreath at the foot of the eternal flame, but Bassiouny explained that "the minister had not prepared for that."

On his arrival at Ben-Gurion Airport earlier in the day, Sultan told reporters that he brought no message from Egyptian President Hosni Mubarak. Protesting that he was a businessman and not a politician, Sultan declared that he had come to talk business, not politics.

Conceding there had been minimal improvement in bilateral traffic between Egypt and Israel despite a tourism agreement between the two countries, the minister noted that governments could do no more

than pave the way for tourism. "The rest depended on promotion."

Israel's Tourism Minister Avraham Sharir stressed the role of tourism in the peace process. "The peace treaty will remain only a piece of paper lacking any value without contact between citizens of both countries," said Sharir.

Asked by reporters whether he could still seriously encourage Israelis to visit Egypt after seven Israelis were murdered by an Egyptian security man in Sinai, Sharir said that Israelis should visit Egypt in spite of the massacre at Ras Burka.

Israeli and Egyptian delegations met yesterday for the first round of talks scheduled to take place over three days.

Travelling with the five-member Egyptian delegation are 12 Egyptian travel agents and two journalists.

Sultan will not participate in all the discussions. He is determined to

see the country through the eyes of a tourist. Only after he visits Elat and Masada will he meet with President Herzog, Prime Minister Peres and Foreign Minister Shamir.

Sultan has also asked to visit a kibbutz, which was not originally included in his itinerary.

The controversy between the Ethiopian Orthodox Church and the Coptic Church for control of chapels at the Church of the Holy Sepulchre, is to be discussed. The subject cannot be avoided since Israel is anxious to encourage Coptic pilgrimage. If the matter of control is resolved to the satisfaction of the Egyptians, it is possible that a significant number of Egypt's six million Copts will want to walk in the footsteps of Jesus.

At lunch yesterday, Sultan expressed confidence that once the political differences between Egypt and Israel had been cleared up, there would be a two-way flow of tourism.



Egyptian Tourism Minister Fouad Sultan (right) and Tourism Minister Avraham Sharir exchanging gifts at the King David Hotel yesterday. (Gustavo Feinblatt)

## Gur: It's a long time till rotation

Health Minister Mordechai Gur says, "There is a long time yet until rotation," and "the big decisions by Labour will take place from now until the rotation, not after it."

He believes, that should rotation take place in October, the Likud-led national unity government under Yitzhak Shamir will rule as scheduled until 1988. "This or that saboteur (mini-crisis) will not bring down the post-rotation government."

Gur, who in the past was reported as saying or hinting that he would not serve as a minister under Shamir, seems to believe that the chief potential obstacle to Shamir's return to the premiership is the Shin Bet affair. He says that much now hangs on the High Court of Justice ruling, expected today or tomorrow, on the validity of the presidential pardons to the four General Security Service officers facing investigation for their part in the 1984 killing of two captured Arab terrorists and the subsequent GSS cover-up of the crime.

Gur says that the police investigation need not take more than "two weeks. What have they left to investigate? And they might well reach the political echelon," he says, referring to Shamir's alleged role in the affair.

But if the police fail to "reach" the political echelon, says Gur, then "the public treatment of the affair (will not end). The affair will not be removed from the public agenda until what happened is clarified and until the political echelon's role and position (in the affair) is made clear."

Gur, who is considered a hard-headed dove, says he fails to see why the Peres-Hassan summit has triggered the renewed debate within Labour about negotiating with the PLO and possible Israeli recognition of the Palestinians' right to self-determination. Gur doesn't believe that the debate within Labour will get beyond the party's "centre", where it will be quashed. He thinks, however, that the dovish camp will demom-

## IN PERSON

BENNY MORRIS



(Brutmann)

strate an increase in its strength (say from 200 to 270) when it comes to the vote.

In responding to my questions, Gur gracefully skirts around his views on Palestinian self-determination but is forthright about negotiating with the PLO. "I don't believe in negotiating with the PLO as is. But I am for talking to the moment they rescind the Palestine National Covenant, renounce terror and recognize Israel's right to exist. If these people (the PLO's current leaders) change their views, I'll talk to them, and I don't care what they call themselves. Who do you expect to negotiate peace with if not your former enemies?"

Gur says that for decades there have been two schools of thought within Labour on making peace with the Arabs. One school, which included Golda Meir, Moshe Dayan, Shimon Peres and Yitzhak Rabin, believed that the way to peace with the Arabs lay through making peace with Egypt. After that, peace would

be attainable with the other Arab states and the Palestinian problem would be revealed as an "artificial," secondary issue.

The second school, to which Gur says he belongs, believes that the Palestinian problem lies at the core of the conflict, and that only through solving it can peace be attained. He seems to imply that such a solution does not necessarily preclude a Palestinian state. (Gur proudly refers to Ezer Weizman's book in which Weizman quotes Gur as saying that "nothing will move [towards peace] until the Palestinian problem is solved.")

Gur does not seem to have much respect for his fellow Labourites who hide behind formulas such as: "Once the PLO renounces terrorism and recognizes Israel, it will no longer be the PLO, so we could negotiate with it." But he obviously understands those who say they reject talking to the PLO "on tactical grounds" and argue that first the PLO should make the necessary pro-Israeli gestures, and then Israel could reconsider its position towards the PLO.

Gur says that, "for a body like the PLO, it takes a long time to arrive at the necessary moderation. That is how it always is with such movements." Gur seems certain that eventually - but he declines to suggest a time-span - the PLO would adopt the required moderation (renounce terror and recognize Israel) and start to talk peace with Israel.

He points to the example of East Jerusalem journalist Raymond Targil, who was bitterly rejected. In her recent book, he says, she accepts Israel's existence as a *fait accompli*; she has resigned herself to reality. Gur feels the PLO will eventually go the same way. For the time being, Israelis must look to their security and be patient, while keeping their eyes and ears open to changes in Palestinian and general Arab thinking. "But meanwhile, precious time is slipping by."

## Gindi's uncompleted apartments

# Buyers hold insurance men hostage

By MICHAEL YUDELMAN  
Jerusalem Post Reporter

TEL AVIV. - Dozens of buyers of apartments which were left uncompleted by the late contractor Avraham Gindi took over the office of the Kidum Insurance Company yesterday, barricaded the door and held the firm's board chairman and two employees hostage.

The angry buyers held two of the hostages for three hours, releasing them only after the police arrived and began negotiations.

The buyers, some of whom brought their children with them, threatened to wreck the office unless Kidum provided the \$5,000 each buyer will have to pay to complete his apartment.

Gindi's firm ceased operating before it had completed construction of some 400 apartments it had sold, most of them in Netanya, Petah Tikva and Rishon LeZion.

According to an agreement reached in court between buyers and a court-appointed trustee running the firm, each buyer must now pay an additional \$5,000 in construction costs. The buyers had already paid the full price demanded for the apartments.

"More than 200 of the buyers were

insured by Kidum. Each of us paid \$1,300 for the policy. What did Kidum do with that money?" demanded Haim Halabi, a member of the buyers' committee.

The sit-in began at 10 a.m., when 100 buyers arrived at the Kidum offices on Rehov Mivke Yisrael. The insurance firm is owned by the Contractors' Federation and its offices are in the same building as the federation.

About 30 buyers burst into Kidum's third-floor office, demanding that the firm make good on their policies. But board chairman Avraham Potashnik said that Kidum would not pay the funds required under the agreement reached in court with Gindi's firm.

The buyers then barricaded the office doors with chairs, shut the windows and refused to let Potashnik, his secretary and another employee leave. A heated argument began, and one buyer threw a heavy ashtray, just missing Potashnik's head.

At this point Potashnik's secretary managed to slip out and call the police.

District commander Armand Levy spoke to the buyers and persuaded them to release the remaining hostages.

After another two hours of negotiating, Contractors' Federation head David Stern reached an agreement with the buyers, under which the federation will try to use some of the \$80 million in government aid to the building industry to assist the buyers.

But the buyers would still have to abide by the agreement reached in court, federation spokesman Zvi Friedman said.

The buyers threatened to occupy the finance minister's office in Jerusalem if they did not see results under the deal with Stern.

Friedman said that Kidum normally only becomes liable to policyholders if a construction firm declares that it is unable to meet its obligations. He said that Avraham Gindi's firm had never done that and had not been dissolved. Instead it had reached an agreement with the buyers to complete the apartments. But he acknowledged that he was not familiar with the specific policies held by the Gindi buyers.

Friedman also said that Kidum has been in financial trouble for some time. If obliged to make payments on the policies of the Gindi buyers, he said, Kidum would not be able to come up with the money.

## Prisoner can be kept in solitary against will

By BARBARA AMOUYAL

Prisons Service officials are authorized to hold an inmate in solitary confinement "in order to ensure that individual's safety," even though he may be prepared to take his chances in a general prison wing, the High Court of Justice decided yesterday.

According to the High Court ruling, the Prisons Service is responsible for the security of inmates and, as such, is authorized to act against an inmate's will and place him where his

security is least threatened.

The decision came in response to a petition filed by a West Bank Arab at Nablus Prison. The prisoner asked the court to order Prisons Service officials to transfer him to the general wing so that he could receive family visits according to the schedule allowed the prison population.

The state argued that the prisoner, who had cooperated with authorities in the past, would be harmed by terror organizations operating with-

in the prison walls, and thus had to be kept apart.

A three-justice panel, wrote in their unanimous decision: "No importance should be attached to the standing of a particular prisoner or to what that prisoner wants to prove to his compatriots if there is a suspicion that terror organizations will harm that prisoner within prison walls; an act which, if carried out, would serve to strengthen the standing of these terror organizations."

## GPO 1; Times 0

The head of the Government Press Office yesterday denied allegations by *The New York Times* that his office had intentionally delayed the release of a controversial military appointment in order to avoid extensive U.S. press coverage.

The *Times* reported at the weekend that the announcement of the appointment of Aluf Amos Yaron as military attaché to Washington was intentionally delayed until Friday afternoon when reporters had gone home. Yaron was censured by the inquiry commission into the 1982 Sabra and Shatilla massacres.

GPO head Dr. Israel Peleg said that his office received notice of the appointment from the Israel Defence Forces' spokesman at 11:40 p.m. on Thursday. The notice was translated and distributed immediately via electronic mail to foreign journalists here.

## Murder in Haifa

Elihu Cohen, 58, was found dead in his Haifa home yesterday afternoon. Police believe that he was murdered.

The body was discovered by Cohen's son when he came to visit his father. (Itim)

## Nurses optimistic

Jerusalem Post Reporter  
Hospital nurses expressed guarded optimism yesterday after a meeting with government negotiators in which two subcommittees were set up to discuss nurses' demands.

With great pain and sorrow we announce the passing of our beloved husband, father and grandfather

**PINCUS SCHACHTER** ז"ל

who passed away on July 31, 1986 כ"ה תמוז, תשמ"ו

Shiva will be at 18 Rabbi Akiva Street in Jerusalem until Thursday morning.

The family

**TECHNION**  
ISRAEL INSTITUTE OF TECHNOLOGY

and Technion International Board of Governors share the deep grief of Board Member Mr. Benno Gitter on the death of his beloved wife

**ALICE** ז"ל

In deep sorrow, we announce the passing of

**GERTRUDE SUFFMAN** ז"ל

of Sherman Oaks, Los Angeles

The Wolfe Family

With great pain and sorrow we announce the passing of our noble mother - sister

**FRIEDL SCHWARTZ**

née Engelbert (Kassel, Tel Aviv)  
For funeral details, call: 03-992368

Her daughter: Ruthie Shalev  
Her sister: Edith Dorot and family  
Her grandchildren: Gila, Sharon and Nurit

## Iranian involved in arms plot slain, his brother claims

By JERRY LEWIS

Jerusalem Post Correspondent  
An Iranian who implicated a number of Israelis in a plan to sell U.S. arms to Iran was murdered, his brother charged in an interview with the *Observer* that appeared yesterday.

Hashemi died in London's Cromwell Hospital on July 21. He was 47. His brother Ali believes Hashemi had "trod on too many toes." He told the *Observer* that he had passed a warning to his brother from "the Middle East" that one day he would "pay for what he had done."

## 'Arab-looking men' hit UK Cyprus base

NICOSIA (AP). - Three Arab-looking terrorists in a speeding car threw three bombs at the guardroom of the British air base of Akrotiri in southwest Cyprus yesterday, wounding at least two persons, Cyprus Radio reported.

In very deep sorrow we announce the passing of our beloved husband, father and grandfather

**Dr. ABRAHAM (Romek) EISEN**

after a short illness.

The funeral will take place at 2 p.m. today, Monday, August 4, 1986 at the Kiryat Shaul Cemetery.

Bus transportation will be available from the Eisen residence at 8 Lipsky Street, Tel Aviv.

Shiva at 8 Lipsky Street.

His wife and daughters: Else, Nehama, Nurit.  
The Ronen and Ziv families.



# Rejection of Salt-II could cost U.S. \$100b.

WASHINGTON (Reuters). - President Reagan's decision to abandon the Salt-II arms control treaty could cost the U.S. more than \$100 billion over 10 years, a congressional agency said yesterday.

The report by the Congressional Budget Office (CBO), a non-partisan arm of Congress, agrees with conclusions reached recently by the Centre on Budget and Policy Priorities, a Washington-based private research organization.

Both studies are expected to provide added ammunition to arms control advocates who, in the next two weeks, plan to push legislation that would force Reagan to continue to abide by the 1979 treaty.

The legislation would be added to the 1987 defence bill. Separate versions of the bill are scheduled to come before the House of Representatives and Senate before Congress adjourns on August 15 for a three-week recess.

Reagan has threatened to abrogate the Salt-II treaty by the end of the year if there is no change in the behaviour of the Soviet Union, which he has accused of violating existing arms agreements. Many lawmakers believe that regardless of what Moscow does, Reagan is determined to break the treaty.

The Central Intelligence Agency has estimated that if the limits are removed the Soviet Union could have 21,000 warheads by the mid-1990s - 6,800 to 7,400 more than the U.S. - a robust but not maximum expansion.

"If the U.S. were to match such an expansion, it would require a huge increase in U.S. forces," the budget office said.

It is estimated that the U.S. would at least have to deploy an additional 867 MX nuclear missiles at a base cost of \$27b.

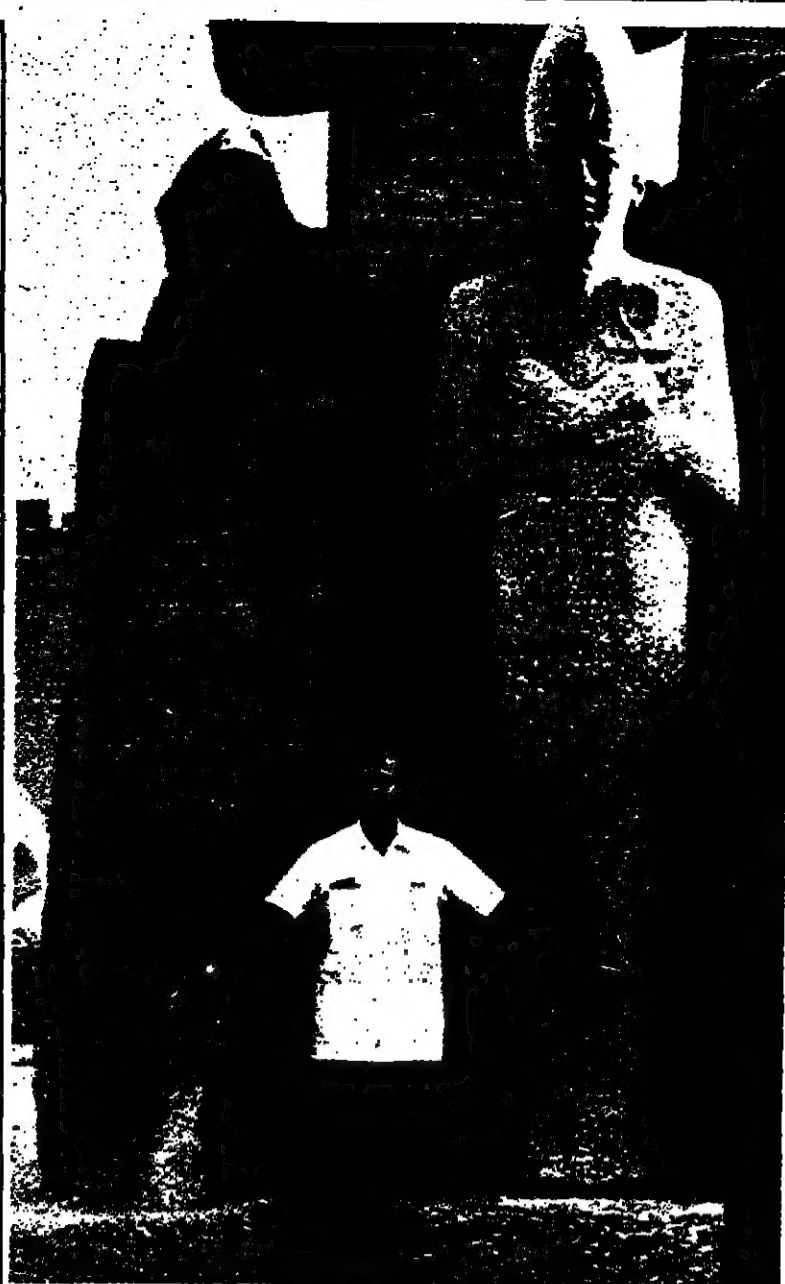
If Washington elected to respond to a Soviet buildup with the procure-

ment of as many as 36 Trident nuclear submarines, the cost would be \$2.6b. per ship, plus operating expenses, to make a total of more than \$100b.

The Washington Post reported yesterday that Reagan has offered to share the "Star Wars" missile defence system with the Soviet Union if the project proves feasible after five years of development.

Under Reagan's plan, Washington and Moscow would have two years to reach agreement on sharing the system, the newspaper said. If no agreement was reached, either side could deploy its own system after giving the other six months' notice.

Thus, Star Wars would not be deployed for at least 7½ years. The Post, quoting administration sources, said the president made the offer in his July 25 letter to Soviet leader Mikhail Gorbachev. The letter was a reply to one from Gorbachev a month earlier.



U.S. Vice President George Bush visits the Karnak temple in Luxor, Upper Egypt, yesterday before opening two days of talks with Egyptian leaders. (Reuters)

## Bush sees Mideast peace 'in decade'

CAIRO. - U.S. Vice President George Bush predicted Middle East peace within a decade yesterday, as he arrived for the last leg of a 10-day journey through Israel, Jordan and Egypt.

"On this trip I have seen a marked change in the mood in this region," Bush told members of the 11-nation peacekeeping force stationed in the Sinai peninsula.

"Every leader agrees we must have peace," he said. "We so often focus on what divides the nations of this region. But this growing consensus is a powerful new fact."

"I believe it will prove an irresistible force in the years ahead. With this consensus in place, I can see a number of ways to build a peace in this region - not this year or next

year, perhaps, but certainly within a decade," Bush said.

Bush spoke at North Camp, headquarters of the Multinational Force and Observers at El-Gorah in Sinai. Despite Bush's prediction, his Middle East tour has failed to produce any concrete evidence of movement towards peace talks.

A senior U.S. official travelling with the vice president said Bush's optimism was based on the perception that Israel, Jordan and many Palestinian leaders were privately showing a new determination to achieve peace.

"There is a greater sense of urgency," the official said. But he conceded that no new proposals had been forthcoming in either Jordan or Israel. (AP, Reuters)

## Jihad threat to kill hostages

BEIRUT (AP). - Islamic Jihad declared yesterday it rejects negotiations with U.S. President Ronald Reagan, the Pope or the Archbishop of Canterbury, and threatened to kill three American hostages "unless our demands are met."

The shadowy group denied that it had sent secret messages to Reagan, Pope John Paul II or Anglican Church Archbishop Robert Runcie with newly-freed American hostage Lawrence Jenco, 51, of Joliet, Ill.

Islamic Jihad complained about the publicity given to the Rev. Jenco's whirlwind trips to Rome, London and Washington after his release. It warned it would send the

bodies of the American captives "one after another" to the White House.

The group's threat came in a statement delivered early yesterday to the West Beirut offices of the independent newspaper *Al-Nahar*.

Meanwhile, the leftist Beirut newspaper *As-Safir* yesterday quoted the Lebanese wife of a Syrian-born American businessman as saying her 58-year-old husband, Faik Wareh, has been missing for 35 days.

Maha Wareh told the newspaper her husband left Beirut by taxi for Syria June 29 to attend to business matters in Damascus and Aleppo, but he never arrived in Syria.

## Lebanon peace bids raise hopes

BEIRUT (Reuters). - Peace moves by Lebanon's president Amin Gemayel and Prime Minister Rashid Karami raised hopes yesterday for resumed efforts to end civil war, but snipers kept shut the one road between Beirut's Moslem and Christian sectors.

Moves to end Lebanon's 11-year conflict have marked time since January, when Gemayel declined to support a Syrian-mediated peace pact that would have given Moslems more power.

In a bid to restart dialogue, Gemayel on Friday called for a special parliament session and urged "brother" Hafez Al-Assad, the Sy-

rian president, to help Lebanon end the strife.

Karami, a Sunni Moslem, countered by suggesting that a committee of "all forces, parties and sects" be convened to draft a peace pact within a month. He said Gemayel and his own government should resign if this failed to produce a solution.

Christian cabinet ministers Camille Chamoun and Joseph al-Hashem welcomed Karami's remarks as positive and a good sign.

In his remarks, however, Karami gave no indication he would work in tandem with Gemayel, dismissing the Christian President's olive branch as "beautiful talk."

## Gaddafi 'bought hostages to kill'

JOLIET (AFP). - A U.S. congressman claimed here on Saturday that Libyan leader Muammar Gaddafi paid an Arab extremist group to execute an American and two British hostages in retaliation for the April U.S. air attack on Libya.

Republican Representative Robert Dornan said that Gaddafi "bought" the American, Peter Kilburn, and the two Britons, Leigh Douglas and Philip Padfield, from the Arab revolutionary cells group "for the sole purpose of murdering them."

The bodies of the three men were found on April 17 in Lebanon, two days after the U.S. raids on Tripoli and Benghazi - which Washington said were in retaliation for Gaddafi's backing of terrorist acts against U.S. citizens.

Dornan's allegation was made during welcome home ceremonies here for Father Martin Lawrence Jenco, 51, a Roman Catholic priest who was freed last week by another militant Middle East group, the Islamic Jihad, 19 months after he was kidnapped in Lebanon.

## Iran attacks U.S.-owned tanker

MANAMA, Bahrain (AP). - An Iranian warship intercepted an American-owned petroleum products tanker in the Gulf waters yesterday, minutes before an Iranian Air Force helicopter gunship rocketed it and set its cabin section ablaze, the captain reported.

Nicola Fusco, Italian master of the

274,629-ton tanker Mercedes, told the Associated Press in a shore-to-ship telephone interview that the attack left one of his 27-member all-Italian crewmen injured.

The Mercedes, which flies the Liberian flag, is owned by the New York-based Ultramar Shipping Co. Inc.

## Bourguiba swims on 83rd birthday

TUNIS (Reuters). - Tunisian President Habib Bourguiba went swimming on his 83rd birthday yesterday after young supporters handed him a torch symbolizing his determination to carry on as the country's undisputed leader.

The official news agency TAP said the torch was presented to the president for life by a delegation of young people of the ruling Destourian Socialist Party.

After half a century as Tunisia's leader, Bourguiba has recently shown renewed vigour after a period of failing health, diplomats said.

## Thailand's premier named to 3rd term

BANGKOK (AP). - Prime Minister Prem Tinsulanonda has agreed to serve another term as Thailand's leader, the *Nation* newspaper reported yesterday.

The daily quoted Prem's secretary, Lt.-Gen. Chantarakrit Sirin, as saying Prem notified the National Assembly president on Friday that he was accepting the offer of a third term.

Four political parties that are forming a new coalition government had nominated Prem as Prime Minister.

## 2 fresh graves at Chernobyl cemetery raise toll to 30

MITINO (AP). - Two more victims of the Chernobyl nuclear disaster have been buried in a heroes' plot near Moscow, apparently raising the death toll in the accident to 30.

The recently dug graves were next to those of most of the other Chernobyl victims. No official confirmation was available.

The cemetery, which lies just outside this sleepy village 30 minutes' drive from central Moscow, contains a special plot for Chernobyl victims. Here, in the first of two rows of graves, two were recently dug and on Saturday both were heaped with piles of real and silk flowers and ribbons bearing inscriptions of mourning.

A simple white card on one read:

"Novik, A.V., July 29, 1986," and on the other: "Vershinin, Y.A., July 23, 1986."

The last official death toll was issued July 19 by the ruling Politburo, which said 28 were dead from an accident that it blamed on gross negligence.

Neither Novik nor Vershinin has been listed as dead in official accounts, although many of the other names at the gravesite are familiar from press reports of heroism at Chernobyl.

Twenty-three of the graves have the identical marble headstones with names, birthdates and death dates inscribed in gold. For the six firefighters who perished battling the flames at Chernobyl, there is also a gold star.

## Joint Pakistan opposition bid for ballot date

ISLAMABAD (Reuters). - Pakistan's 10-party opposition alliance has given the government until September 20 to set a date for fresh polls and decided to join opposition leader Benazir Bhutto's Independence Day protests on August 14.

The Movement for the Restoration of Democracy (MRD) said after a day-long meeting Saturday that new elections should be held no later than December 31 this year.

MRD convenor Fazlur Rehman told reporters in Lahore, capital of Punjab province, that the MRD would launch "a new phase of our struggle if the government fails to set a date."

President Mohammed Zia ul-Haq and civilian Prime Minister Mohammad Khan Junejo have flatly rejected opposition calls for new elections, saying that the present National Assembly would serve its full five-year term.

The Assembly's 237 members were elected last year in polls which were closed to political parties.

Bhutto, daughter of the late prime minister Zulfikar Ali Bhutto who was toppled by Zia's 1977 military coup, has been demanding fresh polls by this autumn since her return in April from two years of European exile.

## Britain outlaws the cane

By SIMON DE BRUXELLES

LONDON. - The British have agreed to stop beating their children. No longer will teacher be able to tame unruly pupils with "six of the best."

In the historic July 22 vote by Parliament, corporal punishment in state schools was outlawed by just one vote. The decision brought to an end a debate that has raged since Tom Brown's tortured school days.

But it took a ruling by the European Court of Human Rights to persuade MPs to abolish those traditional teaching aids: the cane, the belt and the slipper.

The great "public" - private - British schools not covered by the ruling are likely to follow suit. Flogging will go the same way as compulsory cold baths, fagging - the virtual enslavement of smaller boys by the older ones - and other "character-building" inequities inflicted on children of the otherwise privileged classes.

The pressure group STOPP, the Society of Teachers Opposed to Physical Punishment, received more than 400 complaints a year from parents, pupils and teachers.

Its records reveal that caning is far more prevalent than even the most vociferous advocates of corporal punishment pretend.

Practices that every other European country has condemned as barbaric are a regular part of school life in Britain.

The cases STOPP has investigated include: a Scottish headmaster who admitted thrashing boys with a riding

crop; a 12-year-old boy with cerebral palsy forced to take down his trousers before being beaten with a long wooden spoon in front of his school; a school in the North of England which beat two boys 25 times in one year and another 24 times; a teacher who admitted striking 43 boys with a cricket bat and 25 with a rolling pin.

In 1982 the European Court of Human Rights ruled that two Scottish mothers should be able to send their children to a school that did not practice corporal punishment.

As a result, Prime Minister Margaret Thatcher's government decided to bring in a law giving parents the right to choose. The result would have been to create two classes of children - the beatable and the unbeatable. The idea was unfair and unworkable and Parliament said so. It was either all or none.

Many schools have already replaced the cane with other forms of punishment such as detention, suspension from classes, and repetitive writing of lines.

The 500,000 pupils being privately educated will not have protection of the law.

But Christopher Everett, head of the Headmasters' Conference which represents 250 of the country's top "public" schools, says: "If there were to be a vote now I believe the conference would decide to abolish the cane."

"Many public schools have already done away with it and most only use corporal punishment as a last resort."

(Observer)

## Mock sea-air attack on Pacific atoll

## New Zealand plays at war

AITUTAKI, Cook Islands (Reuters). - New Zealand is flexing its military muscle in the tranquil setting of the Cook Islands in a bid to prove it can protect the Southwest Pacific despite its nuclear row with the U.S.

About 1,000 New Zealand troops have been deployed 2,700 kilometres from home to demonstrate their military strength and undertake a series of aid projects.

Aitutaki, a tiny atoll protected from the full force of the Pacific Ocean by a 32-km. reef, was the unlikely stage for the main demonstration of what Prime Minister David Lange has called "New Zealand's firm commitment to regional security."

As the sun came up one morning last month, most of the atoll's 2,400 population gathered to watch and cheer as Skyhawk strike aircraft screeched overhead and the frigate Canterbury lobbed mock shells. On land, camouflaged soldiers battled with "enemy" troops who had infiltrated the island days before.

The spectacular action was just a sideshow to 25 military projects that will include building bridges and blasting passages through the coral reefs of the more remote of the Cooks' 14 inhabited islands.

In diplomatic terms, the war games are an attempt to convince the Southwest Pacific's island nations that New Zealand's nuclear row with the U.S. has not ruined its ability to

throw a protective arm around the region.

The argument over Wellington's refusal to let nuclear-powered or nuclear-armed American ships into its ports has led to the effective collapse of the Anzus defence treaty that links New Zealand, the U.S. and Australia.

Lange said the military exercises showed New Zealand's military would if necessary go beyond its traditional role of mapping, engineering and disaster relief in the Pacific. "It is an affirmation that we are prepared to engage in regional security and that we are prepared to pick up the tab. The fact is that we are strongly committed to this part of the world," he said.

The military flag-waving follows a series of statements by Cook Islands Premier Tom Davis who has questioned Wellington's ability to defend his country as it is obliged to do under the Cooks' constitution. Davis argued that Wellington's nuclear row with Washington had left it unable to carry out its nominal responsibility for the defence and foreign affairs of the Cooks.

Air Marshal Sir Ewan Jamieson, New Zealand's chief of defence staff, says that although the exercise has Pacific-wide political implications relevant to the Anzus problem, its roots go back to 1963 when a major defence review focused strategy more sharply on the Southwest Pacific.

The manoeuvres follow more New Zealand naval patrols and greater surveillance over the little-populated region by air force submarine-hunting P-3 Orion aircraft.

It is not the first time New Zealand has been involved in military manoeuvres in the islands. Troops were sent to Western Samoa for a small exercise last year and are given regular training in Fiji.

"It is time we showed ourselves more plainly in the South Pacific," Jamieson said.

Cook's Foreign Minister Norman George, who led a cabinet revolt that overruled Davis's opposition to the war games, came to Aitutaki to watch. As the smoke cleared and the last soldier disappeared into the trees, he told journalists he believed the exercise had been worthwhile and praised the symbolism of the manoeuvres.

"It's given us a sense of confidence. It's shown what can be done," he said.

Australian military observers also said, privately, that they were impressed by the exercise.

"There's no doubt that against the sort of insurgency being addressed in this exercise, the people who were here could have handled it," one said.

Not everyone was convinced, however, as helicopters clattered overhead on the main island of Rarotonga a day before. Someone had scrawled in huge letters on the beach: "Play peace, you suckers."

## FOREIGN NEWS IN BRIEF

### Red Army murder suspect arrested

BONN (AFP). - A Red Army Faction (RAF) member suspected in the July 9 bombing death of West German industrialist Karl-Heinz Beckurts and his driver has been arrested, the *Bild* newspaper reported yesterday.

Eva Sybilie-Haule-Frimpling, 32, was arrested in the Frankfurt area, the newspaper said.

The federal police department BKA refused to comment on the report, saying an official statement would be issued later in the day.

The extreme left RAF has claimed responsibility for the Munich-area attack, in which an armoured limousine carrying Beckurts and his chauffeur was blown apart by a powerful bomb hidden in a tree and detonated by remote control as the car drove by.

### Escaped killer 'jogs' across border

BRUSSELS (Reuters). - A Dutchman serving a 20-year hard labour sentence in Belgium for the murder of a priest has escaped to the Netherlands disguised as a jogger, the public prosecutor's office said.

Justice sources said Robert Giesen, 26, who was sentenced in 1983, could not be extradited and it was unclear what action, if any, the Dutch authorities would take against him. He escaped from prison in Louvain last Thursday, wearing a jogging suit under his prison uniform.

PALME. - A postage stamp to commemorate Sweden's assassinated Prime Minister Olof Palme has been issued in the Soviet Union, the newspaper *Evening Moscow* reported yesterday.

## COMMONWEALTH

(Continued from Page One)

Kaunda, despite his apparent compromise, also demanded the exclusion of Britain from a proposed Commonwealth group to coordinate sanctions with the U.S., Western Europe and Japan.

Kaunda and the Prime Ministers of Britain, Australia, Canada, India, the Bahamas and Zimbabwe gathered for the closed meeting in Marlborough House, headquarters of the Commonwealth, the 49-nation association of Britain and its former colonies.

He suggested the coordinating group comprise Australia, Canada and India. "We know the countries that matter," Washington, London, Bonn, Paris, Tokyo, said Kaunda, referring to the capitals of South Africa's major industrialized trading partners.

Asked if he trusted Thatcher, Kaunda said, "There is mutual distrust. It is not good for the commonwealth."

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United Israel Appeal  
Keren Hayesod

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The Young Leadership Mission  
of the Joint Israel Appeal  
of Great Britain and Ireland  
to Israel

August 3 to August 10

המנהלת המשותפת לשיאל קרן היסוד  
United Israel Appeal Keren Hayesod

The World Family of  
United Israel Appeal  
Keren Hayesod

welcomes

The Study Mission of the  
Young Leadership of  
Appel Unifié Juif de France

August 3 to August 15

המנהלת המשותפת לשיאל קרן היסוד  
United Israel Appeal Keren Hayesod



police suspect that an 83-year-old man was responsible.

Police believe that there was a romantic background to the stabbing, and they are shortly to arrest the octogenarian suspect.

The stabbing took place on Rehov Sokolov.


## Public asked for proposals

### Jerusalem Post Reporter

A committee appointed recently to reassess the rights of new immigrants and absorption procedures has called on the public to submit information or proposals related to these issues.

The committee, appointed by the prime minister and the absorption minister, is to submit recommendations for legislation to systematically define the rights of newcomers.

The committee is headed by Prof. Yosef Gröss, and its members are MK Prof. David Libai, MK Ehud Olmert, Prof. Yehudit Shuvai, Yehiel Leker, David Levene and Meir Shamir.



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WEEKLY REVIEW

Speaking  
Terms

"I received a reply from President Reagan. The reply sets one thinking. We have begun to study it. We shall treat it with responsibility and attention."

— Mikhail S. Gorbachev



"For the first time we are not only pointed in the right direction toward reduction and elimination of nuclear weapons, we have begun to move down that road."

— President Reagan

## Reagan and Gorbachev Tone Down the Rhetoric

By BERNARD GWERTZMAN

WASHINGTON With two and a half years remaining in his Presidency, Ronald Reagan appears to have concluded that if he is to leave a legacy in foreign policy it will be in the achievement of significant arms accords with Moscow and a more realistic relationship between the superpowers.

In recent weeks, the President's tone toward Moscow has been conciliatory. He has said repeatedly that the United States and the Soviet Union may now be at a "turning point" on the road toward significant arms control agreements. And he added the other day that the two sides were now engaged in "a work plan" for preparatory meetings "that could lead to a productive summit later this year."

Because the United States and the Soviet Union remain far apart on almost every issue, despite the conciliatory words, it has become increasingly evident to Mr. Reagan and to his principal adviser, Secretary of State George P. Shultz, that to achieve any lasting agreements with the Russians it will be crucial soon to get down to hard issues. To do this, it will be vital to overcome the hesitations of the Soviet leader, Mikhail S. Gorbachev.

Mr. Reagan's generally friendly descriptions of the Soviet Union and its leadership clash with the President's harsh conclusions about the Russians when he first

took office. At that time, he castigated the Kremlin leaders for running an "evil empire" and described them as "immoral, ready to stop at nothing, including lying and cheating, to advance their goal of world domination."

White House aides say that the change in Mr. Reagan's rhetoric toward the Soviet Union does not reflect any basic easing of his strong anti-Communist ethos, but is more a sign of Mr. Reagan's interest in the tactics of superpower relations. They say that the first years of the Administration were spent in building up defenses and in convincing the outside world that the United States was again tough. To achieve those goals, he had to take a confrontational stance toward the Russians, including rejecting early proposals from the then Soviet leader, Leonid I. Brezhnev, for a summit. But since early 1984, aware that many Americans were becoming worried about East-West tensions, Mr. Reagan put more stress on trying to negotiate. He now seems to believe that his tactics have paid off, producing the first "serious" arms control proposals from Moscow.

Virtually every postwar President followed one version or other of a "two-track" policy toward the Russians — the need to be on guard to counter Soviet moves, while being ready to seek agreements. This is a difficult policy to implement because there is usually internal disagreement within the White House. Mr. Reagan's Administration is no exception. His Presidency has been most heavily influenced until recently by the Defense Department, led by Secretary Casper W. Weinberger and his top arms

control expert, Richard N. Perle, who have opposed American concessions at arms control talks and have now taken the lead in urging that nothing be done to jeopardize work toward a space defense system, the so-called "Star Wars" plan. Mr. Shultz, however, believes that it is vital to engage in serious negotiations. Although he has suffered setbacks, he has been able to take advantage of Mr. Reagan's desire for a deal with Moscow to persuade him to be somewhat more forthcoming.

"We have responded constructively," the President said last week of these proposals. "We have made clear our serious desire for a better relationship with the Soviet Union. But now the ball is in the Soviet court."

## Ambivalence in Geneva

An example of the ambivalence in relations was the two sets of arms control talks that met simultaneously and separately in Geneva last week. The first, dealing with the Soviet complaints about the American decision to repudiate the unratified SALT agreement of 1979 as well as the expired interim agreement of 1972, was described as "acrimonious and polemical" and nothing positive was accomplished. But the second set of talks, dealing with verification of the underground testing of nuclear weapons, was described as unpolished, serious and positive, with the two sides agreeing to meet again in September. These talks could produce an accord on technical on-site verification that would encourage the United States to proceed with ratification of two decade-

old treaties that put a limit of 150 kilotons on the force of underground tests.

Mr. Gorbachev has been more elusive than Mr. Reagan about the second summit meeting. While the President has virtually pleaded with Mr. Gorbachev to set a date for their second meeting, the Soviet leader still insists on advance assurance of what kind of progress can be achieved at a summit meeting, before naming a date. Speaking in the Soviet Far Eastern city of Vladivostok last week, Mr. Gorbachev said he was studying Mr. Reagan's letter and would decide whether it would allow both sides to end the arms race and not allow "its extension to space."

The logic suggests that despite his doubts Mr. Gorbachev will have to attend the summit meeting if he is to have any chance of persuading Mr. Reagan to accept the so-called "grand compromise" favored by the Russians — major cuts in offensive nuclear arms in return for an end to work on space defenses.

As Zbigniew Brzezinski, a former adviser to Mr. Carter, has written, there is a contradictory tendency of Presidents to be both tough and conciliatory. He said he advised Mr. Carter that if he won re-election in 1980 he should spend a few years as "a President Truman," who is still regarded as having faced the Russians down on Berlin, before trying to be "a President Wilson," who was known for his efforts at constructing a peace. Mr. Reagan, of course, defeated Mr. Carter in 1980, and now seems to be following Mr. Brzezinski's advice.

## Major News

## In Summary



Associate Justice William H. Rehnquist before the Senate Judiciary Committee last week.

Rehnquist Is  
Cross-Examined  
By Senate Panel

William H. Rehnquist, who ordinarily asks the questions, was answering them last week, and not to everyone's satisfaction.

Witnesses before the Senate Judiciary Committee, which is considering his nomination as Chief Justice of the United States, included several who testified that as a young Republican Party worker in Phoenix, Mr. Rehnquist had intimidated minority voters at polling places. Mr.

Rehnquist said, as he did when he was nominated to the Supreme Court in 1971, that his accusers were "mistaken" and he did not challenge any voters' qualifications during the time they spoke of. That testimony was directly contradicted later in the week by four witnesses, including a former Federal prosecutor who said he investigated complaints about Mr. Rehnquist's conduct at a polling place on Election Day 1962. Another witness testified that Mr. Rehnquist approached two black men in a voting line, held up a card and said: "You don't know how to read, do you? You don't belong in this line, and you should leave."

Justice Rehnquist also confronted

the news that deeds to two houses he had bought contained restrictive covenants, one barring sale to "any member of the Hebrew race," the other to "any person not of the white or Caucasian race." Mr. Rehnquist called the restrictions "obnoxious," said he never knew of them before the F.B.I. disclosed them and pointed out that such covenants are unenforceable anyway.

Representatives of civil rights and women's groups vehemently denounced Mr. Rehnquist's record, a topic not ignored by the Democratic senators. But while Senator Edward M. Kennedy of Massachusetts pronounced him "too extreme" to be Chief Justice, even Justice Rehnquist's antagonists did not dispute his intelligence, scholarly credentials and affable temperament.

Democrats, saying they were more concerned about Mr. Rehnquist's veracity last week than his conduct in the early 1960's, held out the possibility of further testimony on the Phoenix allegations.

As the four-day hearing closed, they were also seeking memorandums, withheld by President Reagan under a claim of executive privilege, that Mr. Rehnquist wrote as a Justice Department official in the Nixon Administration.

A Bipartisan Slap  
At South Africa

The Senate Foreign Relations Committee took a step last week toward the imposition of economic sanctions against South Africa. After defeating a proposal to mandate the withdrawal of all American investment from South Africa, it approved other sanctions by a bipartisan vote of 15-2.

One of the sanctions was a ban on new American investments in South African companies. The lawmakers acknowledged, however, that this would have little impact as American investment in South Africa had already dried up in recent years. Another sanction would deny landing

rights to South Africa's airline, but the line is reportedly arranging to lease its planes to foreign airlines whose rights are not restricted. "Half a club is better than no club," said Senator Alan Cranston, who voted for the sanctions. He said he would propose amendments on the Senate floor to make the sanctions tougher, but not so tough as to lose a lot of supporters in Congress, where a two-thirds majority would be needed to preclude a veto by President Reagan, who has been opposed to strict sanctions.

The committee's preference for modest sanctions may also have been reflected in its rejection of an amendment Mr. Cranston proposed that would have embargoed South African textile imports. The Reagan Administration has agreed to a 4 percent increase in South African textile imports. (More on sanctions and Pretoria, page 3.)

America's Drug  
Problem, Cont.

It has been difficult over the years to tell when one antidrug campaign ends and another begins. So the public officials who last week discussed new strategies against what is commonly referred to as a national crisis were careful to point out what is different — and more determined — about their latest efforts.

First, White House officials disclosed that in the next few weeks President Reagan would unveil "a concerted campaign" against drugs that may involve widespread testing of Government employees. The new program would try to separate the users from their supply, whereas previous Administration efforts have attempted to separate suppliers from their profits. (Speaking of profits, only last month the United States took part in a raid on cocaine-processing laboratories in Bolivia; last week Bolivia asked for a \$100 million loan to help make up for the lost revenue from drug exports.)

The shift in emphasis was under-



Copper kettle from the Titanic's galley sitting near the ship's bow 12,500 feet down in the Atlantic Ocean.

Largely because of those concerns, the agency said last week that it would begin holding deportation hearings at New York prisons to speed up the process.

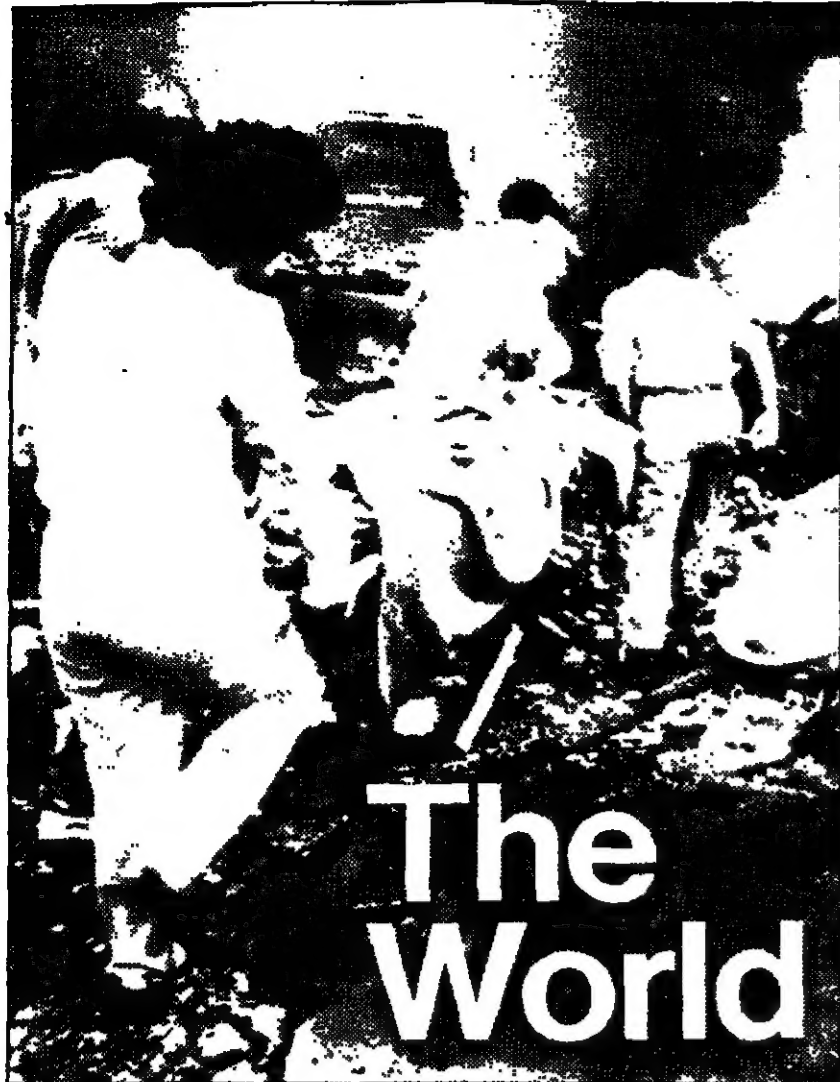
New Clues to  
The Titanic's Fate

A long-held belief about the sinking of the unsinkable Titanic — a theory that survived decades of official investigations and historical scrutiny — was laid to rest last week. A research team that explored the wreck of the luxury liner last month said it saw no signs of the 300-foot gash that was supposed to have been made in the starboard side when the Titanic struck an iceberg in the north Atlantic on April 14, 1912. Instead, the collision appeared to have split the seams of the steel plates of the 882-foot hull, which then flooded, Dr. Robert G. Ballard, the expedition's leader, said. This would explain why many survivors said they barely felt anything when the ship sideswiped the iceberg.

Among other revelations, Dr. Ballard said the bow and stern of the ship broke in two at some point and were found 2,000 feet apart on the ocean floor. His expedition, a cooperative effort by the Navy and the Woods Hole Oceanographic Institution, made 11 dives to the wreck, which it located last year. The purpose was to test the Alvin, a manned submersible, and Jason Jr., its "roving eyeball" robot. Despite some mechanical problems, the craft spent 33 hours in the ruins, getting film of well-preserved brass fittings, copper kettles from the kitchen, chamber pots and other debris. No human remains were found.

The researchers tried to discourage treasure hunters by pointing out that the bow is broken in several places, making salvaging virtually impossible. And although the team found a safe, which it tried unsuccessfully to open, Dr. Ballard said that most of the debris consisted of "not very elegant artifacts" from the third-class section.





After the car-bomb explosion in a Christian suburb of Beirut last week. Gamma-Liaison/Karim Dohar

## The World

### The Civil War In Beirut Springs Back to Life

The sporadic civil war in Lebanon, now in its 11th year, produced two more spectacular acts of terrorism last week: a car bomb explosion that killed 33 people and injured 140 people in Christian East Beirut on Monday, and another the next day that killed 25 and wounded 180 in Moslem West Beirut.

The first attack was in the poor suburb of Ain al Rummaneh; the second in the commercial Barbir district. Both sections are near the so-called Green Line dividing the city into Christian and Moslem sectors. Hostility between Christians and Moslems has intensified since Syrian leaders rejected the latest Syrian plan to end the war.

Syrian troops, expelled by the Israeli Army three years ago, returned to Beirut last month and began patrolling the streets. But they have been unable to control outbreaks of fighting and car bombings.

No group claimed responsibility for last week's bombings. After the explosion in the Moslem sector, Nabih Berri, the leader of West Beirut's Shiite Moslem militia, accused Christian militiamen of avenging the blast of the day before. The Christians had charged that Syrian agents had exploded the bomb in the Christian section.

### Priest Is Freed

The Rev. Lawrence Martin Jenco, who had been taken hostage 18 months ago in Beirut, came home last week. In the weeks after he was released in Lebanon, the 51-year-old priest from Joliet, Ill., met with Pope John Paul II, the Archbishop of Canterbury and President Reagan. He gave them messages from his captors, a Shiite Moslem group called Islamic Holy War.

The group still holds three American hostages and 11 from other countries; it threatens to kill them

leading to this end." But the White House spokesman, Larry Speakes, quoted Mr. Reagan as also saying that the hostage-takers "must realize that their objectives cannot be achieved by these means."

Father Jenco, who had been head of Catholic Relief Services in Lebanon, told his family that he had been chained by his ankle to the wall of his room for six months but not otherwise tortured, and had only one book to read, the Bible.

### U.S. Sends Chile a Message

As recently as four years ago, the State Department reported "improvements" in Chile's human rights record, a finding Elliott Abrams, an Assistant Secretary of State, said was justified. The Reagan Administration has long since abandoned the upbeat view of Gen. Augusto Pinochet's Government, however, and last week, Mr. Abrams was advocating punitive action.

Unless that country's human rights record improves, he said, the United States is likely to vote against international loans that Chile sorely needs. It would be "a vote to protest the human rights situation in Chile today," Mr. Abrams advised a House banking subcommittee.

In the Administration's view, the Pinochet Government is becoming more recalcitrant and violent in dealing with political opposition; the failure to end rights violations, notably torture, may be providing ammunition for Chilean Communists. Concerns increased after the death last month of Rodrigo Rojas, a 19-year-old resident of Washington and son of a Chilean political exile. Witnesses have said soldiers set Mr. Rojas and a companion, who was badly hurt, afire.

Mr. Abrams pressed Chile to bring to justice "all those responsible for crimes related to Rojas's death." One soldier has been indicted for manslaughter. But the State Department official opposed a House bill that would compel the United States to vote against international loans to Chile. He said that if the Chileans see that the Administration has lost its flexibility "they will say, 'To hell with the Americans.'"

### Justice on Trial In Philippines

Corazon C. Aquino has long accused Ferdinand E. Marcos of playing a role in the 1983 assassination of her husband, Benigno, as he was escorted by security men from a plane at Manila airport in the Philippines. Last week, Mrs. Aquino — who became President with the help of army units after Mr. Marcos claimed victory in a highly disputed election — had new ammunition.

A special judicial commission said it had evidence that Mr. Marcos, as President, had interfered in the trial that led to the acquittal of the army commander in chief, Gen. Fabian C. Ver, a Marcos cousin and close associate, and 25 others of roles in Mr. Aquino's murder. The commission, which was established by the Philippine Supreme Court, said the trial had been "stage-managed" from Mr. Marcos's Presidential palace and that those taking part in the proceeding had followed orders or been "whipped into line by the omnipresent influence of an authoritarian leader." The commission will report to the Supreme Court, whose 10 justices who were selected by Mrs. Aquino in April to replace judges appointed by Mr. Marcos.

Lawyers in Manila predicted that the Supreme Court would endorse the findings and order a new trial. General Ver left the country with Mr. Marcos but the other defendants, 23 soldiers and a civilian, are still in the Philippines.

Milt Freudenheim,  
James F. Clarity  
and Richard Levine

### A Correction

Because of an editing error, an article about Pakistan in the World section on July 27 incorrectly described the trial of former Prime Minister Zulfikar Ali Bhutto. Mr. Bhutto, who was executed in 1979 for conspiracy to commit murder, was convicted in 1978 in a civilian court, not a military one.

## A Political Almanac

# Craxi Spins in Italy's Revolving Door

By E. J. DIONNE JR.

**E**VEN for aficionados of politics, the Italian version often seems to be played with no clear rules on an uneven field by contestants who saunter in and out for no apparent reason.

Take Prime Minister Bettino Craxi. He resigned on June 27 after losing on a secret ballot in Parliament, sabotaged by 70 to 80 members of his own coalition. But last week, the Socialist leader was back, standing tall, with a new Government that included the same five parties and most of the same important ministers. Mr. Craxi, whose main concession was to accept a limit on his tenure, probably to next spring, is considered something of a miracle worker. His old Government, in office since August 1983, was Italy's longest lasting since World War II.

Watching the shuffling and reshuffling, Italians are often as mystified as anyone. To many of them, the latest battle seemed a reversion to old-style bickering in which nothing but power was at issue. "I can't stand reading the papers right now," said a young businesswoman. "I could have been reading the same thing 5 or 10 years ago."

Yet her comment underlined an important feature of Italian politics — stability beneath the appearance of instability, clear rules beneath the appearance of anarchy. One party, the Christian Democrats, has been the largest partner in all 45 governments since the 1940's. With the Communist Party, the largest in the West, excluded, the Christian Democrats are the only other party weighty enough to hold a government together.

Here, for reference in future wheeling and dealing, is a guide to the major players on the Italian political scene:

The Communists, with just under a third of the voters, control 177 seats in the 630-member lower House. When independents sympathetic to the Communists and far leftists are added, they essentially take 204 seats out of play. This is frustrating for a party trying to overcome its name by taking positions increasingly similar to those of moderate social democratic parties elsewhere in Europe. Although the Christian Democrats and Socialists have often threatened to form governments with the Communists, they have done so only once, in the late 1970's, but even then the

Gamma-Liaison/Edoardo Fossati  
Prime Minister Bettino Craxi

Communists received no Cabinet posts. The Communists, who have been losing momentum, base their strength largely in local government, the trade unions and the informal veto power they exercise on behalf of organized labor.

The Italian Social Movement, often described as "neo-fascist," has 42 seats, but the big parties refuse to deal with it.

Since the Communists and neo-fascists are not treated as serious contenders, the five parties huddled around the center, which control 366 seats — 58 percent — must effectively perform the functions of both Government and opposition. They are, in a lovely Italian phrase, "amici nemici" or "friendly enemies."

The Christian Democrats, the largest of the

five coalition parties, have 225 seats. Their constituents are mainly practicing Roman Catholics and people who think that only the Christian Democrats are capable of keeping the Communists from power. Their base includes farmers, regional elites and many capitalists, but they get many workers' votes, too. They are something of a Rorschach-test party, capable of being seen as almost anything by anyone. In northern Italy, they often ally themselves with respectable local elites. In Sicily, leading Christian Democrats have been close to the Mafia, although the party is trying to clean itself up. Regarded as mildly right of center, they also have a substantial left wing. Their share of the electorate dropped to 32.9 percent in 1983 but has recovered somewhat under the new party secretary, Ciriaco De Mita.

The Socialists, with 73 seats and about 14 percent, have veered toward the center. Mr. Craxi's latest bid to stay in office won strong support from, of all people, the stockbrokers of Milan. At one time allied with the Communists, the Socialists were brought into Government in the mid-1980's by the Christian Democrats. The Socialists have brilliantly used their swing position between the two larger parties to amass power far in excess of their share of the vote. Partly because they are officeholders, the Socialists, like the Christian Democrats, often face charges of corruption. Despite Mr. Craxi's tactical skills, the party has still not made the breakthrough in popular votes it seeks.

Three smaller parties are vital in forming the parliamentary majorities led by the Socialists and Christian Democrats.

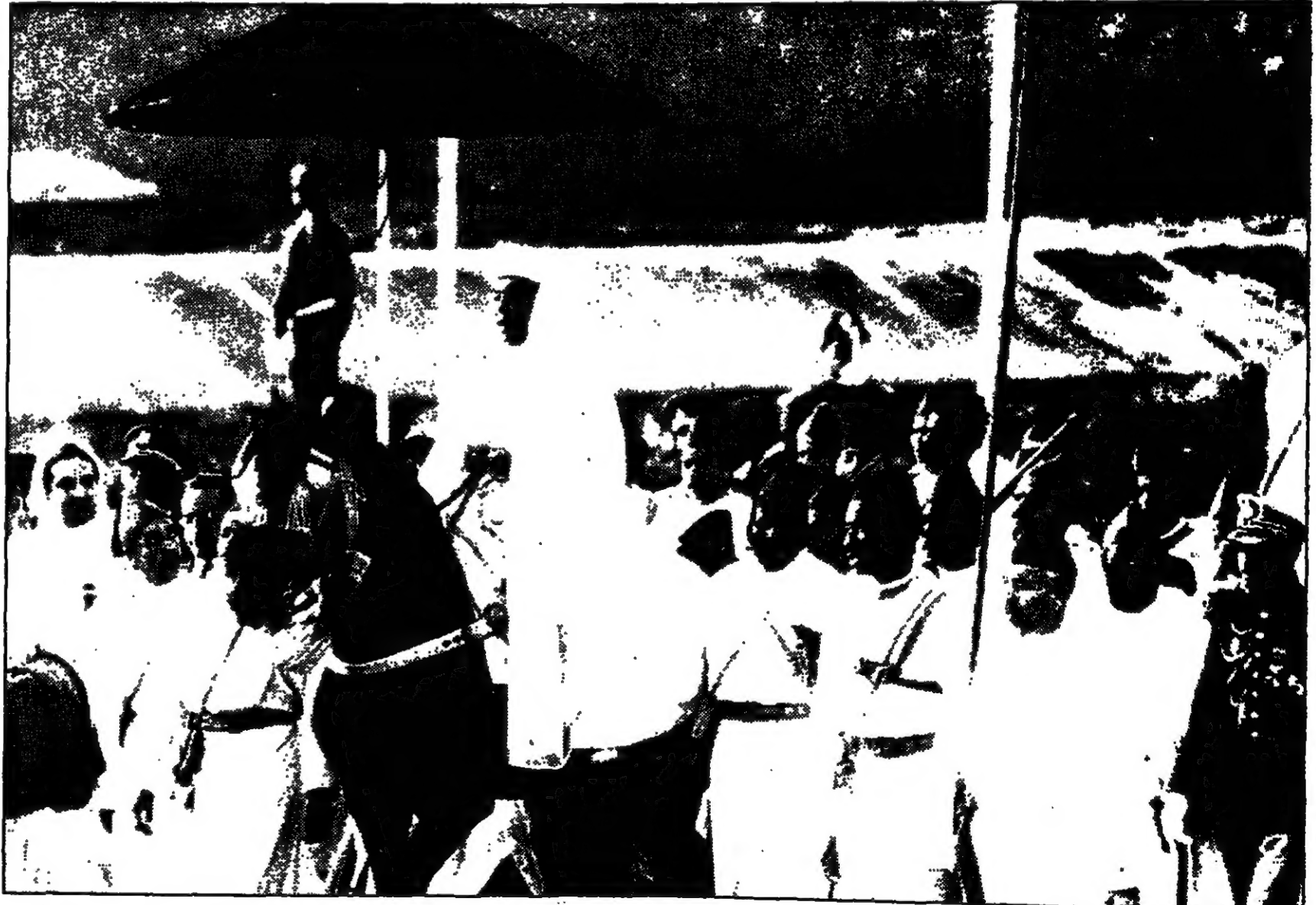
The Republicans, a progressive capitalist party with 29 seats, are pro-American and, in domestic policy, mildly reformist.

The Social Democrats, with 23 seats, seceded from the Socialists in 1947 to protest their alignment — long since abandoned — with the Communists. Also pro-American, the Social Democrats rely on pensioners, civil servants and small shopkeepers for 2 percent to 3 percent of the vote.

The Liberals, with 16 seats, are a capitalist party with some Reaganite tendencies. But like all five ruling parties, they are essentially pragmatic, willing to accept the ideological middle common in coalition politics.

In addition, the anti-establishment Radical Party has 11 seats. Seven deputies represent regional parties and use their votes in the continuing wrangling to barter for the folks back home.

## Moroccan King Pushes Arabs Toward Talks with Israel



King Hassan II riding through Marrakesh in March during celebrations marking the 25th anniversary of his reign. Sygma/Alain Noguere

# Hassan Tries to Play the Middleman

By JUDITH MILLER

**K**ING HASSAN II of Morocco is said to have "baraaka" — Arabic for a special kind of good fortune that comes from God. Those so endowed are believed to be both inspired and protected. It is still unclear whether the King's meeting with Prime Minister Shimon Peres of Israel 10 days ago at the Moroccan resort of Ifrane was an act of inspiration, or a folly for which he will need protection. But it was the sort of dramatic surprise that King Hassan has savored throughout his 25-year reign.

Morocco floats on the western fringe of the Arab world, geographically and politically. It is by no means a key player in the Arab-Israeli dispute, except as a possible intermediary. But the country's solidity, rooted in history and tradition, and the King's widely accepted status as a direct descendant of Islam's Prophet, Mohammed, give Morocco special weight in Arab circles.

King Hassan, who is 57 years old, has long relished the role of intermediary and host. As chairman of the Arab summit meeting in Fez in 1982, he was instrumental in persuading the leaders to agree on a plan for peace with Israel. The Fez plan, which was the basis for the King's talks with Mr. Peres, implicitly recognized Israel and called for a Palestinian nation in the Israeli-occupied territories, with Jerusalem as capital. Although rejected by Israel, the plan was, nevertheless, one of the few documents on which the Arabs have been able to agree. Presiding the following year at a meeting of the Islamic Confer-

ence Organization, a broader group that includes non-Arab Moslems, the King helped win support for the readmission of Egypt, which had been excluded after its 1979 peace treaty with Israel.

His approach to the Arab-Israeli conflict has been relatively consistent. Speaking after Mr. Peres's departure, he scolded the Arabs for having neither the ability to make war on Israel nor the willingness to make peace. He has long viewed Moroccan Jews — 500,000 now in Israel and 12,000 in Morocco — as a logical bridge between Arabs and Israelis.

He has also moved boldly at home, instituting an ambitious and painful economic program that seems to be showing positive results. However, as in most developing nations without oil, the economy is a mess. Morocco is the world's most heavily indebted nation per capita, its woes compounded by 10 years of fighting in the Western Sahara at a cost of \$1 billion a day.

The political outlook is relatively tranquil. The main threats to the King — Islamic fundamentalism, the left and the armed forces — seem, for the moment, to be under control.

Islamic fundamentalists helped spark food riots two years ago but are weaker than in nearby Tunisia. King Hassan feels sufficiently secure to tolerate opposition newspapers, even one published by the Communist Party. The armed forces, which have twice attempted to assassinate him, are kept busy fighting Polisario insurgents along a 1,000-mile wall of sand in the Sahara. The strength of the Polisario, who are fighting for the establishment of an independent country, has dwindled from a peak of 10,000 Moroccans say, to under 4,000. The desire to neutralize

Libyan support for the Polisario led to the King's 1984 accord with Col. Muammar el-Qaddafi. The unexpected treaty, which rattled Washington and jeopardized \$140 million a year in economic and military aid, is now seen as yet another shrewd move. Libya has dropped the insurgents, leaving cash-strapped Algeria as their only major ally.

King Hassan has been less successful at Arab-Israeli mediation. Relations with King Hussein of Jordan, who also traces his ancestry to the Islamic Prophet, have frequently been strained. Palestine Liberation Organization officials say that King Hassan advised Yasir Arafat, the P.L.O. chairman, against joining the Jordanian leader in an American-sponsored peace bid in 1983. Last winter, when a joint bid again seemed possible, King Hassan reiterated this advice, the Jordanians complain.

By meeting Mr. Peres, King Hassan said, he wanted to "stir up" the deadlocked peace process and direct Arab attention to the conflict with Israel, in his view the Arabs' fundamental problem. With the ensuing criticism from Syria and other radicals, however, he relinquished the chairmanship of the Arab summit group, thus depriving his critics of one excuse for not convening a summit, which has not met officially since 1982.

The Jordanian King, meanwhile, declined to follow King Hassan's example, insisting to Vice President George Bush and others last week that he would not meet with Mr. Peres, except in an international conference on a comprehensive Arab "taboo" on meeting publicly with Israeli officials. But he apparently has not given the peace process the jolt he intended.



## A Voice From Calcutta

## 'We Don't Need Pity. India Can Look After Itself'

By M.J. AKBAR

**T**HE gunfire in Punjab has sent up a smokescreen that is hiding much of the truth about India's ability, self-confidence and perception of its future. Bad news, as we all know, drives out the good, not because journalists are a satanic breed, but because readers find good news boring after a very short while.

Be that as it may, Punjab has kept out of attention a most significant Indian achievement of the last four years. Almost half of India has been undergoing a massive drought, necessitating relief on an enormous scale. If this had been the India of the 60's, it could have required more than the combined efforts of many Bob Geldofs and Mother Teresas to prevent starvation.

## Element of Maturity

But not only did India manage an enormous problem alone, she also did it without any fuss. (The second element is a characteristic of maturity.) It was not just a case of having the surplus food thanks to the green revolution. Much more impressive was the creation of an infrastructure to take this food to the remotest village, and then not to hand it over as alms but to make it into wages for a developmental project of some sort or the other — the building of a road or the sinking of a well.

The rains have now come, abundantly, and the fields are going to be gloriously fertile again, so the last chance of this story coming to any significant attention is probably gone, but that is probably a good thing.

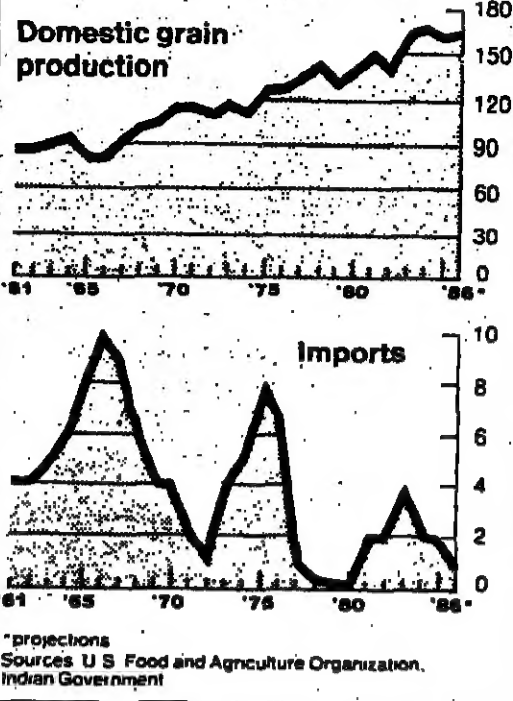
We don't need pity any more. This is an India that can look after itself, without patronage, thank you. Help, yes, and on a level of respect and equality. Patronage, no. The new confidence is the legacy of many things — self-sufficiency in food production, a victory in a major war with Pakistan.

But the most important element is the coming of

M.J. Akbar is the editor of *The Telegraph*, a Calcutta daily newspaper, and author of *'India: the Siege Within — Challenges to a Nation's Unity.'*

## Supply and demand in India

(in millions of metric tons)



age and to power of a post-independence generation. It is different in its perceptions from even the generation of Indira Gandhi, which spent its life in the political consolidation of the country after partition, and the creation of the industrial and agricultural base from which India could make her leap into prosperity. That base has been achieved to a great extent.

## Ambitions and Rivalries

The ambition of the new generation is simple, to make India the pre-eminent power of the second world by the turn of the century. (I define the second world not as the Communist bloc, but as that set of nations just below the superpowers and the members of the Or-

ganization for Economic Cooperation and Development.) It may seem a fantastic ambition, but if anyone had suggested in 1965, after the deaths of the Bihar famine and that simmering draw with Pakistan in the summer war, that in about five years India would not only have successfully overcome its historic food problem but liberated Bangladesh by an overwhelming victory on the battlefield, it would surely have sounded equally fantastic.

In this context, one might add, that those who instinctively club India and Pakistan in comparative analyses are missing the point.

India sees itself in competition not with Pakistan but with China. And if India feels a threat strong

enough to force her to spend on modern weaponry, it is because of the presence of an effective China-Pakistan axis whose goal in South Asia is to create a ring of hostile neighbors around the mother country of the region.

## 'Last War of the 40's'

In a region swarming with populations and languages that spill across recently manufactured borders, suspicion is the easiest of things to generate. Moreover, America, in its pragmatic somersault vis-à-vis China, may have forgotten that a Communist country swallowed an independent and large nation long before Soviet troops reached Afghanistan, but India has not forgotten Tibet yet.

So where does violence-beset Punjab enter such a rosy picture? The war between the two ideas which created two nations in 1947 has not run its course yet. If it is true that a minority in the Hindu-majority Indian subcontinent cannot live as an equal, then further disintegration is likely. On the other hand, the evidence is far greater that strength lies in the idea which created India's democratic — secular unity.

It is the theocracy called Pakistan that has neither been able to write an acceptable constitution or protect its national integrity. But there are those who still believe that religion is a sufficient basis for nationhood, against all the evidence of history (not only in this subcontinent but in Arabdom and Christendom).

The theocrats of Pakistan (as opposed to the democrats there) are nourishing their ideological comrades in Punjab, because they

know that if democratic and secular India thrives, there will be a fallout in Pakistan. Punjab, in a sense, is the last war of the 1930's and 1940's. The secessionists of today have one distinct advantage over their predecessors: the technology of terror has never been as sophisticated.

But there is also the new steel in the Indian will. It may flicker for a while, since no one can obliterate terrorism completely, but the current excesses will be controlled. This outburst is probably the last blaze. Americans should know better than anyone that the voice of excess is far, far louder than the decibel level of the silent majority. They must also be aware, by their own experience, which is stronger.

## South Africa's Blacks Say They Are Ready for Sacrifices

## Sanctions Will Cross the Color Line

By ALAN COWELL

**S**OUTH Africa's mining barons produced a statistic the other day that seemed to reinforce an argument made by many in the West who oppose the imposition of sanctions on this country. If South Africa were cut off economically from the West, an employer group called the Chamber of Mines said, then 35,000 of the 110,000 black coal miners would be jobless. And those are in just one part of one industry.

The calculation is disputed by the National Union of Mineworkers, which represents half the nation's 550,000 black mine workers. But it underscores the dimensions of the debate on who would be hurt most in an economy ringed by embargoes, surviving under siege.

In justifying opposition to sanctions, President Reagan said such penalties would hurt the people the United States wants to help — the black South African majority. And it would also place in jeopardy foreign blacks numbering 1.5 million to two million whom the authorities have threatened to repatriate if sanctions are imposed.

But the argument that blacks only would be hurt is challenged here. Mark Orkin, a sociologist who has completed a survey of black worker attitudes to divestment, said: "We saw that whites would suffer." He went on: "It's white businessmen who are making all the noise so they know they are going to suffer, too."

## Black Opinion Survey

Cyril Ramaphosa, the secretary general of the mine workers union, acknowledged in an interview last week that sanctions "will mean quite a lot of hardship for our members. But that argument has been put across many times. And we know that if there were divestment and sanctions, people would lose jobs. The argument that we use is that people have suffered so long — there are almost four million unemployed in this country — and that

for liberation people would be prepared to make sacrifices."

Mr. Ramaphosa's figure for unemployment seemed also to include the underemployed in the nation's poverty-stricken, so-called tribal homelands. As for his argument, it seemed supported by Mr. Orkin's survey. Of a sample of 800 blacks chosen at random, roughly one-quarter favored total foreign divestment. Another 49 percent favored conditional divestment that would forbid new investment unless foreign companies pressured the white authorities to end apartheid and recognize labor unions chosen by their workers.

The inference, thus, was that three-quarters of blacks favored some form of economic action against the Government. That seemed to reverse earlier studies that found most blacks opposed to divestment. But there was another statistic: 48 percent of the respondents, Mr. Orkin said, "would be cautious if sacrifice had to be involved." That seemed to lead back to the question of who, precisely, would suffer the most?

Some sanctions — such as a ban on landing rights by South African airplanes — might dent white morale and increase a sense of isolation. Yet on any given day four or five West European airlines, including Lufthansa, British Airways and Swissair, land and take off at Johannesburg. So the practical impact of prohibitions on South African Airways would be lessened. In any event, South African Airways has already reportedly made arrangements to lease aircraft to other carriers. The impact of sanctions on South Africans themselves, thus, might well be weakened by the authorities' ability to circumvent them.

A total trade embargo, some economists have calculated, could cut foreign exchange earnings by one-fifth. South Africa is the world's biggest gold producer and, as with some other minerals, the principal alternative source of supply would be the Soviet Union. Corn, fruit, coal and steel exports would also suffer, causing black unemployment on the farms and in mines. The extent of



South African workers loading coal onto a railroad car near Pretoria.

The New York Times/Stephen Hone

that unemployment, however, is difficult to estimate since drought and mechanization have already cost tens of thousands of black farm workers their jobs.

But there are other statistics, too, that indicate that whites would share the suffering. Sanctions might inspire growth in South African industries filling a void in imported products, with more jobs for blacks. But a general shrinking of the economy might also force smaller, white businesses to close. Moreover, Mr. Orkin found, if sanctions were accompanied by United States divestment, then proportionally white South African employees of American companies would suffer as much as

blacks because those corporations employ a higher proportion of whites than South African companies. The black-white proportion in American companies, it is estimated at 1:1, whereas in South African corporations, the average is three blacks to one white.

In the mines, it is estimated that there are nine blacks to one white. That leads to a further reality. The average black worker, sociologists have calculated, supports nine people, often at a level of bare survival. The average white family is probably a third that size, and of course cushioned to a far greater extent than blacks from the hard prospect of deprivation.

## The Commonwealth Leans Hard, and Thatcher Is Feeling It

By STEVE LOHR

**P**RIME Minister Margaret Thatcher will confront six other Commonwealth leaders here starting today, aware of the threat that the 49-nation organization could break up because of Britain's resistance to economic sanctions against the Government of South Africa.

Mrs. Thatcher will face intense pressure to relax her opposition and go along with a high-level Commonwealth panel that in June endorsed the use of new economic sanctions to force Pretoria to change apartheid. The Prime Minister has often shown little patience with the Commonwealth, a collection of former British colonies and territories, considering Britain's role in the European Community and its relations with the United States far more important. But despite her opposition to economic sanctions, she could damage severely her Government and her political standing at home if her attitude split the Commonwealth.

The meeting today at Marlborough House in London



Sir Geoffrey Howe (right), the British Foreign Secretary, with Chester A. Crocker, the United States Assistant Secretary of State for African Affairs, in London last week after Sir Geoffrey returned from South Africa.

will bring Mrs. Thatcher together with the Prime Ministers of Australia, Canada, Zambia, Zimbabwe, the Bahamas and India. Prime Minister Bob Hawke of Australia warned earlier this month that if Mrs. Thatcher refused to bend to approve some new sanctions, then "the Commonwealth of 48 would continue to be involved together and there would for some time perhaps be the United

Kingdom apart." Said a professor at the University of London's Institute of Commonwealth Studies, Peter Lyon: "She may not like it, but Thatcher will probably go along with some new sanctions because she would not want to be the one to bust up the Commonwealth."

Though by no means a certainty, most analysts agree that Mrs. Thatcher would accept some additional measures against South Africa at the three-day Commonwealth session, especially after Foreign Secretary Sir Geoffrey Howe failed on his tour to get South Africa to negotiate with its enemies, at home and in neighboring black-ruled nations.

## If Thatcher Shifts

Any shift by Mrs. Thatcher would be made easier by the increasing movement toward sanctions in the United States. Mrs. Thatcher opposes sanctions, she says, because they would be ineffective, unless the United States and all of Europe joined in. Should the Commonwealth group endorse the idea of new sanctions this week, there would still be time to win American cooperation before any measures took effect.

Even Conservative politicians and commentators who regard the Commonwealth as an outworn relic are now urging Mrs. Thatcher to accept the inevitability of some type of sanctions. In Britain, the Commonwealth matters because Queen Elizabeth II is its head, takes her titular post seriously and would not be pleased if a British Prime Minister broke it up.

While the Queen is no politician, the monarchy looms

large in British life. "It is the Queen's Commonwealth that Mrs. Thatcher would be destroying," wrote Peregrine Worsthorne, editor of *The Sunday Telegraph*. "For a Conservative Prime Minister to have the monarch in the ranks of the critics — that obviously does matter quite desperately, even to the point of becoming a resigning matter."

In the past, the Commonwealth has occasionally been a vehicle for collective pressure for racial equality and decolonization. In 1961, South Africa was forced out of the Commonwealth. Sixteen years later the Commonwealth agreed to discourage sporting contacts with South Africa. And the rest of the Commonwealth pressured Britain to withhold support for the Ian Smith Government in Rhodesia, helping the movement that turned colonial Rhodesia into independent Zimbabwe in 1980.

Britain also has an economic interest in maintaining amicable relations with the Commonwealth. Nearly 40 percent of Britain's foreign investment is still in Commonwealth countries, compared with less than 8 percent in South Africa. And Commonwealth nations buy 10 times more British goods than does South Africa.

Even Britain's harshest critics on the sanctions issue are reluctant to see the breakup of this post-colonial club of the most of the English-speaking world. Zambian President Kenneth Kaunda, who charges the American and British Governments with "kissing apartheid," has threatened to leave the Commonwealth over the issue. "But," Mr. Kaunda added, "it would be the most difficult decision of my life."





The New York Times: Sam Krutwich; Sigma: Yusef Ghanem; Associated Press: President Daniel Ortega Saavedra with his wife, Rosario Murillo, speaking to reporters outside the Park Slope Methodist Church in Brooklyn; speaking at Riverside Church (center); and having his picture taken by David Hartman at ABC's 'Good Morning America' studio, where he was accompanied by Alejandro Bendaña, secretary to the Foreign Ministry and translator.

## Ortega Has Learned How to Press the Flesh

By LARRY ROHTER

It would be difficult to think of another instance in which the leader of a nation with which the United States maintains a de facto state of war has circulated freely in this country and taken his case directly to the American people.

But that is what the President of Nicaragua, Daniel Ortega Saavedra, did last week. Normally, Mr. Ortega was in New York to urge the United Nations to support a June 27 decision by the International Court of Justice, the judicial arm of the United Nations, calling on Washington to "stop arming and training" the anti-Sandinista forces, known as contras. But he ended up spending most of his time in public settings designed to expose him to the American public and allow him to counter the image fostered by the Reagan Administration: that of a "dictator in designer glasses" who leads a "terrorist regime" in the same class as that of Libya's Muammar el-Qaddafi.

Mr. Ortega was traveling on the unrestricted A-1 visa routinely granted to heads of state visiting the United Nations, and he did not hesitate to take full advantage of the mobility it offered.

"The main reason he is here is because of the World Court decision," said Darryl Hunt of Agendas International, a New York-based public relations firm that represents the Nicaraguan Government in the United States. "But as long as he's here, it's another opportunity to get his point of view across."

The Sandinista leaders of Nicaragua, in explaining recent measures such as their declaration of a state of emergency, suspension of the newspaper La Prensa and expulsion of a leading Roman Catholic bishop, have often said they act without taking "international public relations considerations" into account. But during a visit that also included stops in Denver and Chicago, Mr. Ortega demonstrated that he can be adept at public relations.

In New York, he attended a dinner party given in his honor by singer Mary Travers, of the folk group Peter, Paul and Mary, at which a variety of journalists, entertainers and political figures were present. He visited The New York Times for a question and answer session with editors and reporters, and also took to the streets, turning up at the Promenade in Brooklyn Heights to see the Statue of Liberty and shaking hands with surprised New Yorkers at the Chinese and Italian restaurants where he and his delegation dined. In Denver, he met with Mayor

Federico Pena, the editorial boards of the city's two newspapers, the National Bar Association members attending their annual convention and college students.

Significantly, perhaps, Mr. Ortega was less successful in his overtures to leading Roman Catholic clerics here, who have been angered by the Sandinista Government's expulsion of Bishop Pablo Antonio Vega and other restrictive measures taken against the church. Both John Cardinal O'Connor of New York and Bishop James W. Malone of Youngstown, Ohio, president of the National Conference of Catholic Bishops, passed up a chance to meet with Mr. Ortega. In Rome, where the official Vatican newspaper L'Osservatore Romano had earlier termed Sandinista actions against Nicaraguan clerics "a grave act of persecution," Pope John Paul II on Wednesday gave a public audience to Bishop Vega.

In response, Mr. Ortega adopted a strategy similar to the one he has employed in the face of hostility from the Reagan Administration, making an end run around the church hierarchy and going directly to the faithful. In Denver, he attended an ecumenical "communion breakfast" Friday at a predominantly Hispanic Roman Catholic Church, and repeated many of the soothing words he

had made earlier in the week in New York. "I too represent a people who are fundamentally religious," Mr. Ortega told a Methodist congregation in Brooklyn. "Christ is a part of our revolution."

Mr. Ortega's evolution into an international point man for the Sandinista revolution has not been easy. When he was named coordinator of the junta in 1981 and even during his presidential campaign in 1984, both supporters and detractors often remarked on his dour appearance, wooden speaking style and evident discomfort in situations where he was required to press the flesh like a conventional politician. But Mr. Ortega, a guerrilla who spent seven years in prison after a politically inspired bank robbery, now appears, if not comfortable, at least accustomed to playing the statesman and arguing the Sandinista case with heated language that contrasts sharply with his own phlegmatic demeanor.

At the United Nations, Nicaragua's effort to have the Security Council call on the United States to comply with the World Court ruling failed, thanks to a United States veto of the resolution. Even so, Mr. Ortega's busy agenda here did not sit well at the State Department, where there were complaints that he was playing fast and loose with normal consular procedures. "We did not know he was going to conduct a public relations campaign against U.S. foreign policy while he was here," one official said. "It is unprecedented in diplomatic intercourse for a head of state to do something like this. Even Fidel Castro doesn't do this when he comes up to the U.N."

## C.I.A. Wants to Enlist Nicaraguan Indians

### Miskitos Are Arguing With Themselves

By JAMES LeMOYNE

SO far they have played a bit part in the guerrilla campaign against the Nicaraguan Government, but there are big plans for the Miskito Indians. Central Intelligence Agency operatives and Nicaraguan guerrilla leaders are active at Mocoron and other refugee camps in the swampy lowlands of northeastern Honduras along the border, plotting strategy and drumming up support among the estimated 17,500 Miskitos who have fled Sandinista rule and the prospect of a more punishing war. Several Miskito leaders have even flown to Washington in the last two weeks to discuss their role in the American-backed war. Reagan Administration officials say they hope the Indians will open an active front with other rebel units, to cut off Nicaragua's Atlantic coast and declare it a liberated zone.

When seen from ground level in Honduras, however, such plans seem ambitious. The Miskitos are torn by internal disputes and seem increasingly uncertain of their future. Several told a recent visitor that they were worried that they might never be able to return to Nicaragua. Some Indian leaders said they fear that their people could become like the Hmong and Meo tribesmen in Asia — indigenous people drafted into a war by the C.I.A. and later abandoned. "They don't know what to do," said an



Miskito Indian rebels of the Kisan group in Esperanza, Nicaragua, on the Atlantic coast.

international relief official. "If they stay in Honduras they are refugees. If they go back to Nicaragua they may have to fight or be persecuted for not fighting."

The Miskitos are no strangers to hardship and hard choices. Most of them fled from Nicaragua in 1982 after a number of violent incidents led the Sandinistas to burn Indian villages and force-march several thousand Miskitos into Government camps. The vast majority of Miskitos still appear to hate the Sandinistas. The Sandinistas allowed the Indians to go home earlier this year, but most crossed back into Honduras in April after the Sandinistas clashed with Indian guerrillas.

Life is also hard in the steaming refugee camps, where young men are pressured to become guerrillas. The situation is made more difficult by a longstanding

power struggle among the exiles that reflects political as well as personal differences. The dominant Indian group in Honduras, known as Kisan, has perhaps 1,000 men and is allied to the American-backed rebel organization, the United Nicaraguan Opposition. A number of Kisan combatants were accused of human rights abuses, such as killing prisoners, more than a year ago.

Another group known as Misurasata is based in Costa Rica and led by Brooklyn Rivera. Perhaps because Mr. Rivera has been willing to negotiate with the Sandinistas, he has been deported from Honduras and says his life was threatened by Col. Enrique Bermudez, the military head of the rebel Nicaraguan Democratic Force.

In a rare visit to Honduras a few weeks ago, however, Mr. Rivera was allowed to travel to a few Indian

camps. He was spurned by top Kisan officials but at the main Indian refugee camp in Mocoron several hundred Miskitos cheered as he criticized his compatriots for lack of organization and weak leadership. When he said he had previously been barred from Honduras, his listeners murmured angrily. When he argued that their fight should be based not only on anti-Communism, but also on Indian autonomy and territorial claims, they applauded. They overwhelmingly supported Mr. Rivera's call for an assembly to select new leaders. Only a few young members of the Kisan group objected: they appeared to be treated with disdain by most of the other Indians present.

The Kisan group, however, does enjoy a measure of support. More importantly, a war is being planned and Mr. Rivera will not easily fit into the plans. Arturo Cruz, one of the directors of the overall rebel movement, said after meeting Mr. Rivera in Honduras that he would argue for the continuation of separate Miskito organizations, one led by Kisan and one led by Mr. Rivera. Another top rebel official said Mr. Rivera should be kept out of Honduras because "he will make trouble."

"Kisan intimidates people," Mr. Rivera said. "It persecutes, menaces and imprisons its opponents."

"We will never accept Brooklyn as a leader again," countered Morris Edwards of Kisan. "He is a Communist and a traitor to the Miskitos."

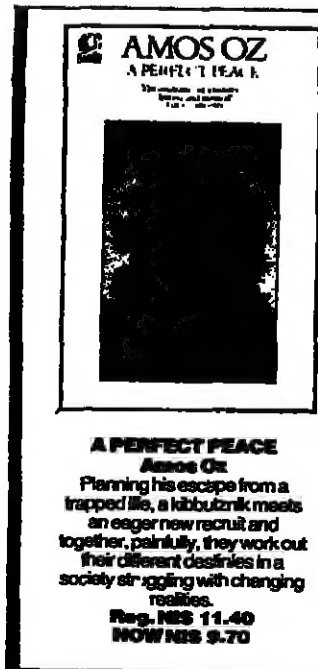
The dispute is likely to become more ugly as the Indians step up a recruiting drive that has already led to accusations of human rights violations. At least 26 refugees have been seized by Indian guerrillas in the last two months, according to several witnesses who complain that those who do not support Kisan are treated as enemies. "They have come here and warned us against opposing them," said a refugee in the village of Tapanlaya. "Maybe some of us will be taken; we aren't sure."

The Miskitos face a decidedly uncertain future even if the rebel war against Nicaragua should succeed. They have called for territorial and political autonomy, a demand that neither the Sandinistas nor any alternative Nicaraguan government is likely to accept. As Indians and as refugees, the Miskitos' future looks harsh. More and more, they seem to know it.

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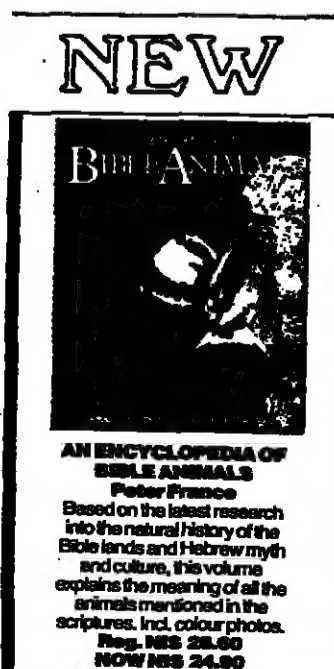
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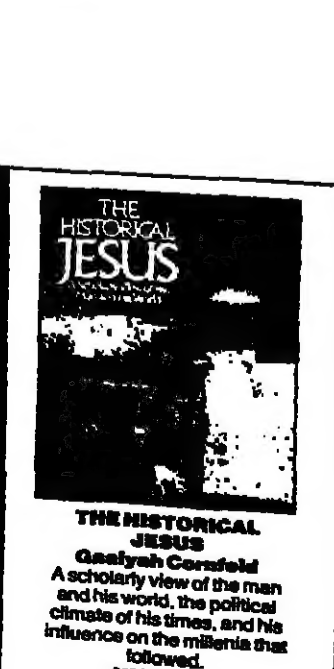
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# Japanese Steel's Darkest Days

By SUSAN CHIRA

**F**OR more than a century, the Nippon Steel Corporation has been the symbol of industrial Japan. But now, as Japanese steelmakers fight a deepening crisis, Nippon Steel, along with other big manufacturers, is reshaping itself, trying to cut its dependence on steel in hopes of surviving with less trauma than its American counterparts. Many steelmakers are branching out, adding such things as industrial ceramics and silicon wafers, while still keeping their commitment to steel.

"In 20 years, we expect that Nippon Steel will be very different," said Tatsuhiro Nakamura, a company spokesman. "Now it looks like Mount Fuji surrounded by small lakes, because Nippon Steel is so huge and the affiliated companies are so small. But in the future we want the company to look like a row of mountains at the same height."

It was the Japanese who first undercut American steel prices years ago, helping to set off a crisis in the Rust Belt that has not eased. But now, the Japanese have become victims, too, plagued by some of the same troubles—lower worldwide demand and intensified competition from low-cost foreign producers—that have long afflicted their counterparts across the Pacific.

Japanese steelmakers are facing what many here believe are the industry's darkest days, a period of falling profits and lagging demand that is unlikely to soon improve. The strong yen is only making things worse. Although the industry has been suffering since the early 1980's, many believe that the sharply rising yen only compounds the serious structural problems. This year, many believe, could be the most difficult yet for Japanese steelmakers and they expect the situation to be even worse next year.

"The prospects for profits in 1986 are very bad," said Shuji Kato, deputy director of the Ministry of International Trade and Industry's Iron and Steel Administration division. "It will take some time to adjust to the new circumstances. In the meantime, the Japanese steel industry will face great difficulties."

But, he says, it is too early to say whether Japanese steel will thrive or falter. "There are too many uncertain factors—the exchange rate, the Japanese economy, export markets, the power of the Korean or Taiwanese mills," he said. "I have asked so many people's opinions. Some are very pessimistic and some are very optimistic."

The numbers, however, tell a sorry tale. In the first half of 1986, crude steel production fell 8.3 percent compared with the same period last year. Steel exports in the first quarter were down 15.5 percent, while imports—most notably from South Korea, Brazil, South Africa and Taiwan—soared 51.4 percent, according to the Japan Iron and Steel Federation.



Steel is poured at Yawata Iron and Steel Company, Osaka.

Steel profits have been dismal as well. In the fiscal year that ended on March 31, Nippon Steel's profits dropped 60 percent and other steelmakers also recorded sharp declines.

Clearly, hard times lie ahead. But analysts such as Aichihiro Endo of Daiwa Securities believe that Japanese steelmakers come to the fray much stronger than their American counterparts, despite the fact that the wage gap and productivity levels between American and Japanese steelmakers have narrowed.

Because Japanese shareholders do not expect the same dividends as Americans do, Japanese steelmakers have been freer to invest and they did so, even in lean years. Today their plants are among the most modern in the world. Their steel products are the most technologically advanced, with foreign competition largely at the low end of the market. And their balance sheets are healthier than the Americans'. Even with lower profits, they are unlikely to face the bankruptcies that have struck American steel, including LTV, the nation's second-largest steelmaker.

Yet Japanese companies also have disadvantages, most notably in employment policies. Cooperation from steel unions has freed Japanese steelmakers from the labor battles that have paralyzed American steel. But companies have had to pay a price for union help in easing work rules or accepting transfers. Bound by an ethic of lifetime employment, steelmakers have not been able to pare payrolls as quickly as American steelmakers,

causing their productivity to suffer—even as American productivity is improving.

Whether the measures taken by Japanese steelmakers will avert a crisis remains to be seen. Diversification efforts will not reap profits for years, and in any event, they are not expected to provide as many jobs as steel. Furthermore, all the steelmakers seem to be choosing the same areas for diversification and some, notably silicon wafers, are already overcrowded. And, according to James C. Abegglen, a leading consultant on Japanese business, the efforts are also hampered by strong company loyalties.

"Japanese companies have a handicap in diversifying because they can't make acquisitions," he said. "If they want to diversify, they have to do so internally." This is one reason many companies have looked abroad for joint ventures.

Struggling with the crisis, the Japanese companies are taking some of the same steps as American steelmakers: trying to cut production costs by trimming their work force, automating factories and raising production efficiency; developing new steel products to stay ahead of the competition; and moving into other business areas with more potential for growth.

But they are not patterning themselves on the Americans in all ways. While their American competitors have been moving into oil and financial services—often unsuccessfully—Japanese steelmakers are staying



Toshio Chiba

closer to the technologies they acquired in steel. They are producing industrial metals that draw on their expertise in controlling temperatures and monitoring chemical reactions, for example, or computer software that reflects their experience in automating factories.

"We can't just parachute into unfamiliar areas," said Yoichi Shimoguchi, general manager of corporate planning at Nippon Kokan, Japan's second-largest steelmaker.

Japanese steelmakers began rethinking their strategies more than a decade ago, when the worldwide energy crisis and slowing international demand for steel began signaling the end of the industry's boom years. The energy crisis also prompted a structural shift in Japan's economy, away from heavy industry to high technology and service industries, which slowed domestic demand for steel. In the peak year of 1973, Japan produced nearly 120 million tons of crude steel. By last year, that fell to 105 million tons.

Japanese steelmakers first tried to make incremental changes. According to Toshio Chiba, vice president of the Japanese Federation of Iron and Steel Workers' Unions, they invested in production technologies to reduce costs and dramatically lowered energy consumption.

Since the troubles began, unions have been cooperating with management. The quid pro quo: no layoffs. Manufacturers have had to cut the work force mostly through attrition, although they have been able to dismiss subcontract laborers.

Just as Japanese steelmakers appeared to have successfully adjusted to a world of slower demand, Mr. Chiba said, new problems arose in the early 1980's. Developing nations such as Brazil, South Korea and Taiwan began an aggressive drive to build competitive steel industries. With newer plants, lower wages and government subsidies, these new producers cut into several key Japanese export markets—although they are competitive only in less technologically advanced products. To compound Japan's problems, American import quotas sharply cut Japan's share in one of its biggest markets.

# The Economy

## WEEK IN BUSINESS

### OPEC Tries Again To Come to Terms

OPEC squabbled again, as falling oil prices continued to leech revenues from members. Some ministers said they would voluntarily trim production, but only if everyone else would. Plans for binding quotas were still being considered, but the problem of cheating remains. Mistrust is so rampant in OPEC, analysts say, that no nation is willing to act first and risk losing market share. Oil prices are continuing to sink, and even gasoline prices, which usually rise during the summer driving season, have dropped to levels not seen in years.

Oil profits kept plunging. Chevron's net fell 37.8 percent, to \$216 million. Unocal dropped 71.3 percent, to \$34.6 million, and Sun fell 31.5 percent. But Arco went back into the black after a loss in the quarter last year.

The trade gap refuses to narrow significantly despite economic wisdom that says a weaker dollar and lower oil prices should make a difference. In June, the trade deficit was \$14.17 billion, slightly less than in May but still a scary spread. Many legislators say it is time to impose restrictions on many imports that are taking markets from American industries, but the Administration still staunchly opposes protectionist measures. It favors stimulating the American economy and the world economy, both of which have not responded to past stimulation attempts.

The trade deficit puts the economy in a "difficult and dangerous" situation, the Fed chairman, Paul A. Volcker, told a House committee. But he said there was no danger of a recession at this point, although some analysts disagree.

Unemployment dipped two-tenths of 1 percent, to 6.8 percent overall in July, a drop that most economists say is probably temporary. Factory jobs again fell, but new service jobs rose.

Leading indicators rose three-tenths of 1 percent in June, a slight increase that certainly does not signal the growth the Administration expects. Construction spending rose just one-tenth of 1 percent, and factory orders fell three-tenths of 1 percent. Sales of new homes dropped 9.9 percent, the third consecutive decline.

An agreement with Japan could end years of animosity over American charges that Japanese chips are being dumped here. The Japanese agreed to charge more for their chips, which will likely raise slightly the price of semiconductors. American manufacturers hope the agreement will revive their slumping industry, and the Japanese hope it will reduce trade tensions.

The United States won a five-year extension of a major textile trading pact after agreeing to drop demands that more textiles be brought under the agreement. The Administration hopes the extension of the agreement, which restricts imports, will head off a House vote on overriding a veto of sharp import limits.



The dollar slumped, hitting a post-war low against the yen and leading investors to the relative safety of gold, which hit two-year highs.

People Express is dropping five cities from its roster in its biggest cutback ever. In addition, as expected, the airline will adopt a multitiered fare structure. That makes People more like the bigger airlines it once challenged. United, meanwhile, has been unable to reach wage agreements with Frontier's unions, and may be having second thoughts about buying it from People.

Eastern lost \$44 million in the second quarter, blaming fare wars. Separately, the Transportation Department approved the \$884 million merger of Northwest and Republic.

Dart ended its bid for Safeway, thwarted by Safeway's agreement to a leveraged buyout from Kohlberg, Kravis. But in complicated negotiations, the Haft family that controls Dart apparently won the right to buy as many as 500 Safeway stores. Dart had offered \$64 a share, or \$2.9 billion, for the grocery store chain, but Safeway persuaded Kohlberg, Kravis to offer \$59 a share.

Stocks took another tumble, dropping 36.14 points on Monday, and were unable to recover much. The Dow Jones industrial average finished the week at 1,763.64, down 11.67. Bond prices fell early in the week, but the lackluster economic indicators and Mr. Volcker's comments that interest rates could fall still further helped prices recover some later in the week. M-1 rose \$4.4 billion.

Beleaguered steel took more hits. Two days after USX (formerly U.S. Steel) reported that its earnings fell 82.2 percent in the second quarter, to \$14 million, steelworkers struck the company. Bethlehem lost \$23.8 million and is omitting its dividend. Armco lost \$384.7 million after special charges.

Hiram Walker agreed to sell Home Oil to Intercontinental Pipe Line for \$793 million. Hiram Walker is principally owned by Gulf Canada, which has been seeking to pay off debt.

Merrill Perlman

# Looking Abroad to Fill Our Bellies

By KEITH SCHNEIDER

**E**VERY morning, 18-wheelers, gears grinding, back into the loading dock at the Giant Food supermarket on Rockville Pike just north of the capital. Aluminum doors clatter open, clerks scurry inside, and a dazzling array of food begins to move from the trailers to the shelves.

It is a ritual repeated at supermarkets all over America, and one that has not changed much in the last decade. What has changed, though, is the origin of the food being unloaded. Almost unnoticed in the national anxiety over rising imports of autos, steel, textiles, and electronic appliances, is the steadily increasing amount of foreign food consumed by Americans. Pork flows in from Canada, beef from Australia, tomatoes, broccoli and cauliflower from Mexico, olives from Portugal, apples from Chile, orange juice from Brazil, mushrooms from Taiwan—a myriad of foods that, despite transportation costs and United States tariffs, still carry lower price tags than their American counterparts.

This makes imported food a blessing for American consumers, but a new nightmare for American farmers—already driven out of many of their traditional export markets and now increasingly unable to undersell foreign competitors even at home.

The changing economics is driving American food processors such as the Campbell Soup Company and Pillsbury abroad and prompting American farmers to protest against the foreign growers stealing domestic markets.

Florida farmers, for example, who once dominated the winter vegetable market, now produce less than half of the tomatoes, peppers, cucumbers and other produce eaten by Americans between December and April. Mexican growers, financed by American companies, supply more than 70 percent of the winter vegetables during January and February, and control about half of that market in other months. Imported beef now includes 9 percent of the American market, and rice from Thailand, last year was sold in California for less than the American product, despite a huge domestic harvest and historic surpluses.

The insult of imports appears to be coming from Canada, whose wheat is being shipped to New York and other border states. Wheat was the one food that American farmers thought nobody else could ever supply as inexpensively as they for domestic use.

Imported foods are not newcomers to American pantries, of course. Danish and Polish hams, Iranian and Russian caviar, French wines and cheeses and Italian olive oil have long been considered gourmet foods well beyond their American counterparts

in quality, cachet—and price. But now the imported foods flowing into American supermarkets are the staples that until recently were among the mainstays of this country's farm economy.

Brazilian growers, for example, with the help of government subsidies, low-cost land, and inexpensive labor, can produce juice oranges for less than one-third of the costs of Florida growers. Few agricultural economists expect the cost advantages overseas to change much soon, which spells sobering news for American farmers.

Unlike Toyotas or Sonys, imported food is not easily identifiable. Fresh produce rarely bears a label. And often, canned or frozen foods sold under American labels contain foreign ingredients. The Campbell Soup Company, which operates a beef processing plant in Argentina, imports much of the beef used in its chunky soups. Minute Maid, Tropicana and other major brands of frozen and chilled juices use a 50-50 blend of Brazilian and American oranges.

With Americans eating so much foreign food, the nation's balance of trade in agriculture—once a huge source of export earnings—is dipping into deficit. In May and June, the nation imported \$419.7 million more farm products, edible and non-edible, than it exported, the first monthly agricultural trade deficit in a generation. For the year as a whole, the

United States may well import more food than it exports for the first time since 1959.

All told, food imports are expected to total \$24 billion this year, a record amount.

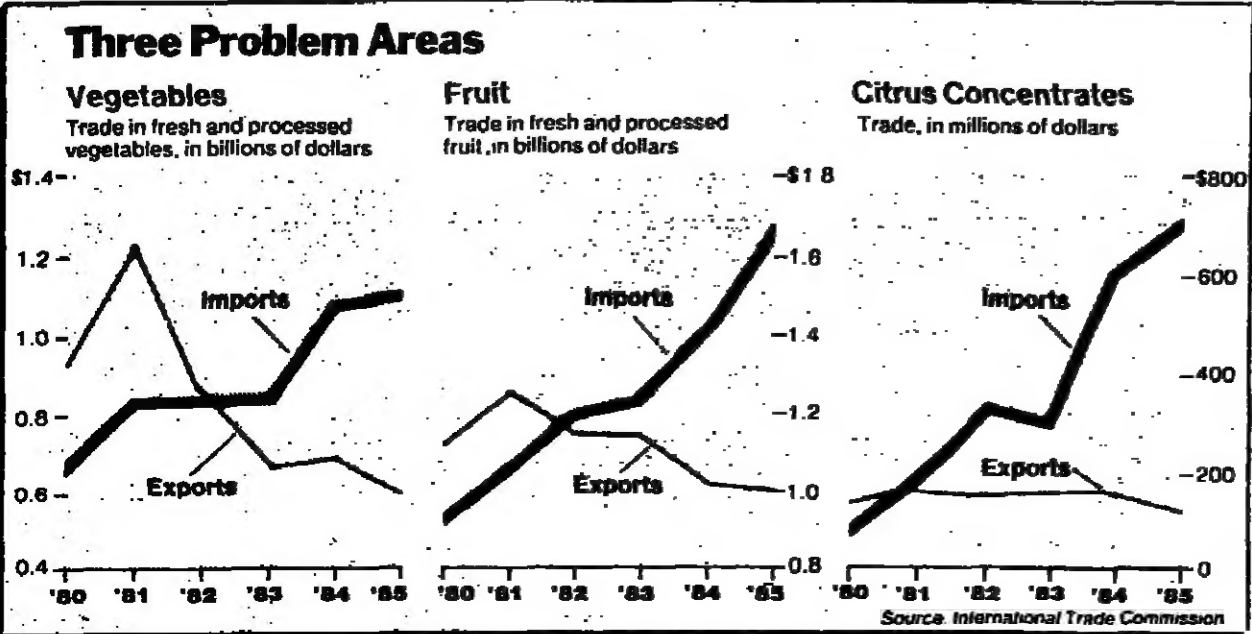
Food executives' comments sound ominously like those of steel executives in the 1970's. "We have a five-year-old vegetable processing plant in Wisconsin that is the newest one that I know of," said Gary Kling, a vice president at the Pillsbury Company in Minneapolis. "Most in our industry are a lot older than that. There just isn't any incentive now to invest in new plants."

America's switch from the world's dominant food exporter to its second largest food importer behind West Germany is likely to strengthen those on Capitol Hill who seek to insulate American industry from foreign competition, and those who are pressuring Congress for changes in the nation's farm policy.

Among the most crucial changes affecting American food imports and exports has been the continuing strength of the dollar, which is still rising against the currencies of the nation's principal agricultural competitors—Canada, Mexico, Australia, Argentina and Brazil. The dollar's high value has made foreign farm and food products more attractive here, while raising the cost of American food overseas.

Last year Congress and the Reagan Administration attempted to correct the grain trade situation by enacting a law that provides American grain farmers with the highest subsidy and income support payments in history. The program is expected to cost the Government more than \$30 billion this year. The new law lowers Government-set grain prices to match those on the world market and make American grain more competitive. Most analysts believe grain exports should stop declining over the next few months as the law takes effect.

But they are not at all sure if American grain farmers will begin to recapture shares of the world market they have been losing since 1981. The reason: foreign nations have vowed to maintain their market shares by subsidizing farmers and pricing their commodities below those of the United States, no matter what the cost. As a result, the trade in grain has broken out into a full-scale global diplomatic war in recent months.



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| WEEK ENDED AUGUST 1, 1986   |             |                |           |          |
| Company                     | Sales       | Last           | Net Chng  |          |
| Safeway                     | 11,901,100  | 65 1/4         | +         | 3%       |
| South Co                    | 9,811,400   | 24 1/4         | +         | 3%       |
| AT&T                        | 9,423,700   | 23             | -         | 1%       |
| Texasco                     | 8,580,500   | 29             | -         | 1%       |
| USX Co                      | 5,667,700   | 15 1/2         | -         | 1%       |
| IBM                         | 5,663,400   | 131 1/2        | -         | 2%       |
| AEI                         | 5,595,500   | 29 1/2         | +         | 1%       |
| Gn Mtr                      | 5,412,400   | 67 1/2         | +         | 4%       |
| FordMtr                     | 5,016,800   | 53 1/2         | -         | 3%       |
| Mesa                        | 4,973,400   | 3 1/2          | +         | 1%       |
| vilTV                       | 4,558,700   | 2 1/2          | -         | 1%       |
| ITT Co                      | 4,491,400   | 51 1/2         | -         | 1%       |
| BethStl                     | 4,486,700   | 7              | -         | 3%       |
| SFeSOP                      | 4,392,500   | 29 1/2         | +         | 2%       |
| Digital                     | 4,073,100   | 88 1/2         | +         | 1%       |
| Mobil                       | 4,006,800   | 30 1/2         | +         | 1%       |
| MARKET DIARY                |             |                |           |          |
| Advances                    | Declines    | Total Issues   | New Highs | New Lows |
| 1,147                       | 837         | 2,184          | 179       | 161      |
| VOLUME                      |             |                |           |          |
| Company                     | Last        | Week           | To Date   |          |
| Total Sales                 | 617,933,310 | 20,707,168,242 |           |          |
| Same Per. 1985              | 531,700,815 | 16,144,739,851 |           |          |
| WEEK'S MARKET AVERAGES      |             |                |           |          |
| High                        | Low         | Last           | Net Chng  |          |
| New York Stock Exchange     | 157.4       | 152.6          | 153.8     | -3.71    |
| Transp                      | 108.2       | 108.4          | 108.4     | -1.41    |
| Utilities                   | 78.1        | 74.5           | 75.1      | -1.21    |
| Finance                     | 150.0       | 144.8          | 145.9     | -4.15    |
| Composite                   | 138.4       | 134.3          | 135.2     | -3.12    |
| Standard & Poor's           |             |                |           |          |
| Company                     | Sales       | Last           | Net Chng  |          |
| 400 Indust                  | 265.3       | 257.1          | 256.2     | -8.10    |
| 20 Transp                   | 180.8       | 176.1          | 177.1     | -2.89    |
| 40 Util                     | 115.3       | 112.8          | 114.1     | -1.24    |
| 40 Financial                | 28.8        | 27.5           | 27.8      | -0.99    |
| 500 Stocks                  | 240.2       | 233.0          | 234.9     | -5.31    |
| Dow Jones                   |             |                |           |          |
| Company                     | Sales       | Last           | Net Chng  |          |
| 30 Indust                   | 1815.2      | 1741.5         | 1783.8    | -46.40   |
| 20 Transp                   | 727.0       | 704.3          | 713.0     | -7.50    |
| 15 Util                     | 207.7       | 200.6          | 203.2     | -4.17    |
| 85 Comb                     | 699.8       | 674.6          | 682.5     | -14.50   |
| The American Stock Exchange |             |                |           |          |
| MOST ACTIVE STOCKS          |             |                |           |          |
| WEEK ENDED AUG. 1, 1986     |             |                |           |          |
| Company                     | Sales       | Last           | Net Chng  |          |
| Wicks                       | 4,625,300   | 5 1/2          | -         | 1%       |
| WangLab                     | 1,991,300   | 13 1/2         | -         | 1%       |
| MSA                         | 1,529,500   | 10 1/2         | -         | 1%       |
| EchoBay                     | 1,388,900   | 17             | +         | 2%       |
| Spelng                      | 1,312,400   | 14             | -         | 1%       |
| TexasAir                    | 1,197,500   | 30 1/2         | +         | 2%       |
| HomeGrp                     | 1,099,100   | 22 1/2         | -         | 1%       |
| Ultimate                    | 1,078,000   | 16 1/2         | -         | 8%       |
| LorimarTel                  | 1,070,600   | 23 1/2         | -         | 3%       |
| BAT Ind                     | 1,047,000   | 5-13/16        | -         | 1/16     |
| MARKET DIARY                |             |                |           |          |
| Advances                    | Declines    | Total Issues   | New Highs | New Lows |
| 282                         | 333         | 454            | 129       | 916      |
| Unchanged                   | 135         | 129            | 31        | 75       |
| Total Sales                 | 51,855,840  | 1,882,827,509  |           |          |
| Same Per. 1985              | 42,162,035  | 1,220,294,140  |           |          |



# The New York Times

Founded in 1851

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## The Past in Mr. Rehnquist's Future

An embarrassing thing has happened to William Rehnquist on his way to confirmation as Chief Justice of the United States. His testimony has been contradicted, and his credibility severely undermined, by a highly effective witness before the Senate Judiciary Committee.

Ordinarily, even a distinguished lawyer's word would be no contest against that of a sitting Supreme Court justice. Ordinarily, too, a minor confrontation nearly a quarter of a century ago would have little bearing on a nominee's present qualifications. But the clash is such that senators can no longer address the nomination without resolving a long-festering question about Mr. Rehnquist's behavior with voters in Phoenix in November 1962—and his present representation of it.

Accused of harassing black and Hispanic voters when he was a young Republican campaigner, Justice Rehnquist has repeatedly denied even legally challenging any prospective voter. But James Brosnahan, a former Federal prosecutor, now testifies that he saw Mr. Rehnquist acting as a challenger among highly agitated voters at a Phoenix polling station in 1962. So have some other witnesses.

Mr. Brosnahan, an experienced trial lawyer, was the most effective witness, for what he didn't say as well as what he did. He emphasized that he did not personally see Mr. Rehnquist challenge a voter. He said he and an F.B.I. agent were summoned to a largely Democratic district by citizens complaining that Mr. Rehnquist was annoyingly challenging their right to vote. Mr. Brosnahan said Mr. Rehnquist defended his conduct, but never denied that he had challenged voters.

This is no ordinary conflict of testimony. Democratic opponents of Mr. Rehnquist's appointment as Chief Justice consider the Phoenix episode part of a pattern of undiminished hostility toward minority

rights, as subsequently recorded in the Justice's rulings. And they also question his veracity on other issues. Mr. Rehnquist was confronted with a 1952 memorandum that he drafted to defend the "separate but equal" doctrine in race relations. He has clung to the discredited claim that he was not expressing his views but those of his boss, the late Supreme Court Justice Robert Jackson.

All this would appear as only momentary and partisan commotion if Justice Rehnquist's own testimony to the committee had made him appear a distinguished candidate for America's leading judge. He might have disarmed the skeptics with masterful readings of the Constitution, as did Sandra Day O'Connor five years ago. But when asked his number one goal for the judiciary, he rehearsed the languishing proposal of retiring Chief Justice Warren Burger for a new court, a junior Supreme Court to settle questions not important enough for the Justices themselves.

Asked to demonstrate some new sensitivity to civil rights, he gave only cramped interpretations of his backward-looking decisions in that field. Asked about his previous sworn testimony about challenging voters, he was evasively technical.

President Reagan has not helped his candidate by invoking executive privilege to deny the committee the memorandums on civil liberties that Mr. Rehnquist wrote as Assistant Attorney General in the Nixon Administration. Justice Rehnquist did not object to their disclosure, but someone must fear it.

Justice Rehnquist's confirmation as Chief is no longer so certain that arguments against him can be brazenly evaded. The doubts now raised should be embarrassing to Americans. Both the nominee and the Senate should want these factual disputes clearly resolved. A Chief Justice can be less than inspiring or less than an ardent civil libertarian, but he cannot be less than a champion of truth.

## Sanctions to Redress the Balance

Congress and the Commonwealth now need to vote some sanctions against South Africa to demonstrate that President Reagan and Prime Minister Thatcher have misrepresented Western values and interests in that nation's terrible conflict. It is Pretoria's racism that is immoral, and not, as they contend, the struggle against it. Lacking any political rights, the black majority must either enlist outside pressure or turn to violence—a desperate violence that would inflame and damage civilized societies around the world.

Mr. Reagan and Mrs. Thatcher have not only failed to persuade the Pretoria Government to negotiate with blacks, but oppose sanctions in terms that encourage it to refuse. That comfort can be undone only with measures that give direct encouragement to the black majority and give it reason to resist revolutionary action. The issue before Congress and the Commonwealth is no longer whether sanctions, but which kind.

Ideally, they would choose sanctions that are effective enough to break down Pretoria's resistance but sufficiently limited that they could be undone once effective. They could then be tied to specific demands—like the end of emergency rule, the freeing of political prisoners and proclamation of a timetable for negotiating an end of apartheid.

The measures that Senator Richard Lugar has coaxed through his Foreign Relations Committee meet these requirements. His bill, as now amended and accepted, would forbid imports to the United States of South African coal, steel, uranium and all products of Government-controlled firms. It would bar such firms from doing business with American banks, deny landing rights to South African Air-

ways, and forbid new American investment in that country. The bill goes too far in encouraging the denial of visas to South African officials for travel to the United States—an interference with travel that should always be wrong.

The committee's package falls short of the total embargo approved by the House, which would require 280 American corporations to cease operations in South Africa within six months. The Senate measure would permit American businesses to continue operating as a force for good, by promoting fair employment practices.

The Senate bill's most effective feature is the plan to deny even short-term trade loans to Pretoria's various state enterprises. When Western banks took such action a year ago, they provoked a major devaluation of South Africa's currency and quick cancellation of a prior emergency regime.

Not by coincidence, Prime Minister Thatcher is under pressure to approve a similar package. Her Congress is the Commonwealth, and her Senator Lugar is Foreign Secretary Geoffrey Howe, now a convert to some of the sanctions the rest of the Commonwealth strongly favors. What changed his mind was a mission to southern Africa; he was snubbed by leading blacks and rebuffed by Pretoria.

How many more such missions are needed before Mr. Reagan and Mrs. Thatcher catch up with a now-obvious consensus? The harder they resist, the greater will be Pretoria's resistance and the black majority's desperation. It is late in the day for any effort to contain the violence on both sides. In their eagerness to avoid sanctions, Mr. Reagan and Mrs. Thatcher misjudged the effect of their words. Only sanctions that sting can now sustain the blacks who still hope for peaceable change.

### Topics

## Monster Shows

### Blitz Bowl

For almost a week behemoths with nicknames like Mongo and Minimal and Refrigerator and Too Tall have walked the streets of London. Today, they'll give Britons their first live look at "American football"—as opposed to English football, which Americans call soccer. The Chicago Bears, reigning Super Bowl champions, will take on the Dallas Cowboys at Wembley Stadium.

For Americans it's just another exhibition game, barely worthy of attention because the rosters are so loaded with free agents and low draft choices. For the British, however, it's like a Super Bowl, the culmination of a brief but intense romance with the American sport.

Twelve million Britons stayed up late into the night last January to watch the live telecast of the real Super Bowl. Amateur leagues have sprung up all over the nation. The 80,000 tickets for today's contest sold out in three days in May.

Why the fascination with the American game? Some say it's because American football features controlled violence on the field and so displaces it from the stands, while soccer prohibits violence on the field, leaving fans to take it out on each other. Others point out that soccer players

in jerseys and baggy shorts look wimpy next to football players in shoulder pads and tight pants.

Some Londoners are already talking of a franchise in the National Football League within a decade. What to call the London team? How about: The Blitz.

### Sea Changes

Placemats at dockside seafood restaurants often feature drawings of spouting whales and dancing dolphins, all of whom are presumably disporting themselves in the waters nearby.

The truth, however, is more often a matter of jellyfish, seaweed and the shells of horseshoe crabs. But not this summer on the New Jersey shore. According to the Marine Mammal Stranding Center in Brigantine, N.J., fishing-boat crews report sightings of humpback, fin and pilot whales, sea turtles and bottle-nosed dolphins, some only two miles from the coast.

Meanwhile, up north in New England, the right whale, of which there are supposed to be fewer than 300 in the world, is very much in evidence, and so are sea whales.

Shifts in the Gulf Stream and the locale of plankton and smaller fish may draw the big fish to the coastline. So

may cleaner water. Whatever the reason, hail the placemat fantasy's turning into fact.

### History, Repeated

So the Stegosaurus, favorite of budding dinosaur lovers through the ages, had only one row of those amazing armor plates. That is what scientists, having reexamined the available fossil material, now tell us.

Still, the beast has not yielded all its mystery. Paleontologists, not content with figuring out how many plates the Stegosaurus had, are now debating what they were for. Primarily heating-and-cooling solar panels, say some. No, say others, defensive armaments.

Unlike the double-versus-single-row question, this is the sort of thing that has been in dispute ever since the caveman. Optimists then and now would not doubt see the plates in their more benign guise, as simply terrific solar panels: a practical necessity. Pessimists would view the plates in their more warlike light: obviously evolved primarily for defense, and to set the enemy on edge.

Who is right? Our species may never know, either about dinosaurs or itself.

### Letters

## No Need to Doubt Cannibalism in New Guinea

To the Editor:

Your report that American anthropologists had found evidence of human cannibalism perhaps 6,000 years old in a French cave (July 18) contains the seriously misleading assertion that "many experts" have discarded accounts that tribesmen in New Guinea ate human flesh.

Some specific accounts have certainly been discarded or qualified, but many remain valid. Very few experts deny the former existence of the practice at all. As an anthropologist who has been conducting research in New Guinea since the 1960's and has written scholarly papers on traditional warfare, I can state unequivocally that cannibalism was once an established practice among some New Guinea peoples.

Dissenters fall into perhaps three camps. Some start with the correct observation that the charge of cannibalism has been used as an interethnic slur by Western and non-Western peoples. The only reasonable conclusion here is that the statements of members of one group regarding the pro-

clivities of members of another group need to be independently verified.

Other critics have worked with groups in New Guinea whose members believe that cannibals are a threat to the community, but do not themselves engage in the practice. These critics make the error of generalizing from their space- and time-bound experience to the entire complex island of New Guinea (or the world).

A third camp consists of students of ritual and symbolism, who, while not rejecting the existence of cannibalism outright, point out that it often occurs in ritual contexts that are veiled in supernatural meaning. This is apologetics, a species of denial that minimizes the frequency of the practice or questions any practical (e.g., nutritional) rationale.

My own evidence for the practice consists of very detailed accounts by individuals of their participation in particular incidents, typically involving raids on enemy settlements or successful defenses of their own. Such individual accounts frequently corroborate one another, a participant

describing not only his own acts but also those of other participants.

In some cases, it is possible to determine not only the precise numbers of victims but their age, sex and occasionally even their names. A few cases from the 1950's, before warfare was effectively suppressed by authorities, also involve corroboration in the form of official investigatory and court records, including detailed pretrial statements by prospective defendants and witnesses.

I also have evidence that the frequency of cannibalism changed over time in response to situational factors, including environmental ones. Moreover, individual informants denied supernatural connotations, equated human flesh with other meats and indicated that in some cases they participated in a particular raid specifically to get meat.

Other researchers in New Guinea have observed and even photographed cannibalism occurring in the context of mortuary ritual.

I hesitate to belabor the point because the real question is, not that some New Guinea tribesmen were once cannibals, but rather the meaning of the public's apparent fascination with the topic, the reason, I presume, for publishing the story in the first place. I am sure there are many other things going on in archeology and anthropology of equal or greater merit to be reported. More important, there are events unfolding on the island of New Guinea and in the South Pacific region in general that ought to give rise to even greater public interest and concern if adequately reported.

GEORGE E. B. MORREN JR.  
Chairman, Dept. of Human Ecology  
Rutgers University  
New Brunswick, N.J., July 20, 1986

### Packer's Crime

To the Editor:

Your July 18 article on the research of Dr. Paola Villa of the University of Colorado on cannibalism among early man brought to mind the University of Colorado's naming its dining hall some years ago after Alfred G. Packer, the only man ever convicted of cannibalism in the United States.

The trial of Alfred Packer is the most famous 19th-century criminal case in Colorado. At the sentencing, the judge uttered the following comment, "Packer, there was only five Democrats in this county, and you et 'em all."

IRA GREENE  
New York, July 20, 1986

## Keep Your Missiles Off the Ocean Floor

To the Editor:

Having spent four years at the Woods Hole Oceanographic Institution, programming the computers on board the submersible craft Alvin, I have followed with special pride and excitement the triumphant mission of my former colleagues to the liner Titanic, two and a half miles down. More than just entering the legendary ballrooms and cabins, their victory illuminates the greatest frontier still remaining on Earth.

To many who study the ocean, exploration signifies a chance at rebirth for the whole human race. And yet, as you reported (front page, July 16), the Navy wants to "find places on the bottom of the sea to station missiles." Perhaps now is a good time to review our treaty obligations.

In 1972, the United States, the Soviet Union and 98 other nations signed an agreement known as the Seabed Treaty, agreeing not to "emplant or emplace on the seabed and the ocean floor and in the subsoil thereof beyond the outer limit of a seabed zone . . . any nuclear weapon or any other types of weapons of mass destruction as well as structures, launching installations or any other facilities



Bob Gale

specifically designed for storing, testing or using such weapons."

Unlike the second strategic arms limitation treaty, the Seabed Treaty was ratified by the United States. To avoid needlessly stimulating an arms race on the ocean floor, the Navy should clarify its goals with regard to the treaty.

GEORGE STETTIN  
Syracuse, July 20, 1986

## When Presses Will Roll At Nicaragua's Prensa

To the Editor:

Reed Irvine is indignant at the closing of La Prensa in Managua (Op-Ed, July 18). But the present La Prensa is not Pedro Joaquín Chamorro Cardenal's liberal, anti-Somoza newspaper. After the revolution, most of the staff quit, and the Chamorro family split among all three papers: La Barricada, Nuevo Diario and La Prensa.

The Nicaraguan Government, mindful of Central Intelligence Agency involvement in the major Chilean paper's opposition to the Allende Government, part of that government's downfall in 1973, is suspicious of an opposition newspaper given aid by an American organization. Daniel Ortega Saavedra has said La Prensa will be opened as soon as the U.S. stops funding aggression on Nicaragua's borders. We might call him on this.

One might well be less exercised by the closing of La Prensa than by the death squads in El Salvador or by the strategic hamlets in Guatemala. Freedom of the press is precious to a democracy; even more so is security of person. Mr. Irvine's concern for La Prensa needs to be kept in perspective.

JANE M. B. POGSON  
Ann Arbor, Mich., July 22, 1986  
The writer has just returned from a Witness for Peace trip to Nicaragua.

## Tax Burden to Remain on the Same Shoulders

To the Editor:

We will not have to wait until the new tax program is enacted into law to know that we have been ripped off again. On this sole point we disagree with Floyd K. Baskell ("Why I Don't Like the Senate Tax Bill," Op-Ed, July 14). The rip-off to come is obvious now.

Both of us are in the dubious position of being near the bottom of the bill's top tax bracket, where we will pay at the same rate as people whose incomes are 10 times or 100 times as great as ours. Our incomes are entirely from salary; the deductions we will lose are all real, out-of-pocket expenses that will not go away when the tax law no longer supports them. Any one whose income is entirely from salary will be in the same boat.

The principle of graduated taxation to which the United States theoretically adheres has been eroded continually as loopholes have been added to the tax laws. The tax plan under consideration is no more progressive than the current law. It reshapes the burden but leaves it on the same shoulders.

It is surprising that salaried people have not risen up in rage against the tax proposal. Perhaps, like us, they suffer from liberal guilt; how can one complain when so many others are doing less well? They also suffer from lack of a spokesman.

Their Congressmen seem unmotivated to the financial interests of wage earners who make more money than poor people but less than Congressmen. ELIZABETH BOGEN  
NICHOLAS BOGEN  
New York, July 15, 1986

### Bonus Fliers

To the Editor:

Charles Will (letter, July 22) takes exception to your editorial call to tax frequent-flier bonuses as income. But Mr. Will is missing the point. It is not the businessperson who pays for his flights who should be taxed; it is the employee whose employer pays for his flights, but who receives the bonus for his personal use.

There is little question that such bonuses constitute a valuable "perk" available to only a small percentage of workers at the higher income levels. Since tax law interpretation has been moving in the direction of taxing those employee benefits that are not available to all employees in a company, it seems entirely consistent and appropriate to tax the value of free airline travel as an indirect form of compensation.

Those who are paying for their own flights should not be subject to the tax. MARTIN P. LEVINE  
Stamford, Conn., July 22, 1986

## How to Run an Efficient Three-State, Fare-Card Transit System

To the Editor:

You espouse the idea of a universal fare card for all transit services in the New York metropolitan region ("Tokens From the Boss," editorial, July 5). "M.T.A. Chairman Robert Kiley pioneered such a system a decade ago," you say, "when he headed the Boston transit system. But the size and complexity of New York's mass-transit network has deterred its development here."

Actually, the real pioneering was done in Hamburg, West Germany's largest city, where a single agency has long had overall coordination authority for public and private companies running an integrated network of buses, trolleys, subways, commuter railroads and vessels; it uses funds from various sources to subsidize them so that there is but a single take-any-route-you-please fare plan for the entire system. This is the plan that should be adapted for New York.

The new agency would have authority to levy certain taxes, such as payroll taxes and imposts on land values over a specified minimum value per acre; and it would also distribute local, state and Federal transit assistance. Its planners, working with those from operating agencies, companies and localities, would insure an integrated, comprehensive system, with many through services

and well-timed connections. But the Hamburg system of basing subsidies on extrapolated historical costs would likely be abused here, nor is it so soundly based on economic theory as what I would propose.

In the long run, most subsidies should be based on revenue matching. Depending on the time, place and type of vehicle, the operator—whether public or private—would be guaranteed a certain level of matching of the fares actually received, to maximize the incentive for the best service at the lowest achievable cost. New lines and service in the middle of the night would also receive some mileage-cost-based stipends. Capital costs would be mostly paid from anticipated revenues, including matching funds and stipends, and—also in accord with sound public-utility economics—highly profitable lines would "cross subsidize" lesser ones.

Because many Americans insist on luxury and will drive space-gobbling automobiles if they can't get their luxury from the transit system, there

would be more than one quality level of service.

But, as in Hamburg, fares would be based on distance traveled, using magnetic cards to permit very substantial reductions from present levels for short rides. For about a decade, however, there would be an upper "cap" on Transit Authority fares, to allow those who live or work at the extremes of the flat-fare system time to readjust.

The idea is to combine public and private enterprise in an optimal way, so as to offer people what they really want at its true cost and value to the regional economy. Because of transportation's extraordinary importance to the vitality of the three-state region, we can assure strong future growth and broad redevelopment only by creating a regional supply-and-demand incentive system that really works. JOHN F. WATERMAN  
Troy, N.Y., July 18, 1986

The writer is a former management analyst with the New York City Transit Authority.

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## IN THE NATION

Tom Wicker

In Re  
Rehnquist

Eighteen years ago, another President, Lyndon B. Johnson, nominated a sitting Justice of the Supreme Court, Abe Fortas, to be Chief Justice — and both were rebuffed by a Senate controlled by Mr. Johnson's own party.

Today's Republican Senate is not yet likely to reject Ronald Reagan's nomination of William Rehnquist. But the Fortas case, in one important respect, was similar to the present debate: The opposition was then and is now primarily political and ideological (despite Democratic efforts to discredit Justice Rehnquist on charges of interfering with minority voting procedures in Arizona in 1967).

But there are sharp differences. Mr. Johnson nominated Justice Fortas to be Chief Justice before the financial indiscretion that later caused Mr. Fortas to resign from the Court; but the Justice, whose legal and intellectual qualifications were at least as strong as Mr. Rehnquist's, was a close political associate of the President, which damaged him.

Chief Justice Earl Warren had made his resignation contingent upon

How  
senators  
should  
consider his  
nomination

Senate confirmation of a successor — in effect giving the Senate a choice between himself and Mr. Johnson's nominee (a ploy some senators suspected to have originated with the President). Mr. Fortas's nomination went to the Senate in late 1968, moreover when the lame-duck Johnson was nearing the end of his Administration and the polls were indicating the likely victory of Richard Nixon in November.

That gave Republicans and some Democratic conservatives motivation for filibustering the Fortas nomination. In the end, Mr. Johnson's Justice's seat for a Nixon appointee when Mr. Warren finally retired or died. The filibuster succeeded. Mr. Fortas returned to the Court, and Mr. Warren continued as Chief. Mr. Johnson's nomination of Representative Homer Thornberry of Texas to take the ninth seat, had it opened, became moot.

None of that has much relevance to the Rehnquist case. He has no close political links to the Reagan Administration. Chief Justice Warren Burger's resignation was final, not contingent. A Democratic President is at least 29 months in the future, so that even if Mr. Rehnquist could be defeated by filibuster or majority vote, Mr. Reagan could send up another nominee — perhaps less palatable to Democrats than William Rehnquist.

But another element of the Fortas debate was that he had been a prominent member of the Warren Court majority, and the Senate's blockage of his nomination to be Chief Justice resulted not least from opposition to that Court's liberal record in school desegregation, crime and legislative apportionment cases, and the contributions of Mr. Fortas, a prominent civil libertarian, to that record.

Mr. Rehnquist, a member of the Court since 1971, has been, in contrast, nearly always in the minority and often a dissenter. But if he should be defeated, one major reason surely would be what many believe to be, and Senator Edward Kennedy called, his "virtually unblemished record of opposition to individual rights in cases involving minorities, women, children and the poor."

But Court nominations are not selections to a temporary Administration; they name persons to lifetime office in a third, co-equal branch of government, and the Senate, by its right of confirmation, should have as much say in such nominations as the President. Thus, Paul Simon of Illinois asked the right question: whether senators could legitimately oppose a Court nominee for his political and ideological record, even if his qualifications of character, legal achievement and intellect were sufficient.

Mr. Rehnquist replied, after some rambling, that senators should ask themselves whether he had "fairly construed the Constitution in my 15 years as an Associate Justice." That seems a proper test for a sitting justice but it still requires an intellectual judgment not easy for a senator or anyone to make.

Perhaps that response might be elaborated upon this way: A senator would not be justified in voting against an otherwise qualified Court nominee, merely because of differences in political or even constitutional views, unless the senator were convinced that the nominee was so locked in the grip of ideology as to be unable ever to render judgment confounding that ideology.

That's still a difficult intellectual judgment; but should nominations to the Supreme Court, particularly to its most prestigious seat, require anything less of each senator?

By George W. Rathjens  
and Jack Ruina

CAMBRIDGE, Mass. — Recent communications between Washington and Moscow suggest that some progress on arms control and disarmament may yet be possible before the end of the Reagan Administration — despite differences between the two sides on the question of limiting strategic defense weapons.

Both sides have proposed reductions of up to 50 percent in the number of strategic offensive warheads (currently about 10,000 for each). We would be foolish to squander the opportunity implicit in this apparent convergence of views — but squander it we will if we return to the Geneva negotiations still preoccupied with abstract calculations of each side's seeming advantage in a nuclear exchange.

Debates about numbers can only obscure the central purpose of Geneva, which is to limit nuclear stockpiles, and in so doing to acknowledge that nuclear weapons are useful only as a deterrent, not as war-fighting instruments. Although many people continue to fantasize about the total elimination of all nuclear weapons, the fact remains that even at lower levels both sides will continue to command horrendous destructive capabilities. They must therefore stop focusing on the presumed military role of nuclear weapons, as if they were tanks, artillery or aircraft. It is only by recognizing that nuclear weapons have no utility other than to make clear the threat of ultimate catastrophe that we can minimize the chances of such a catastrophe.

What troubles us is the possibility that analysts will argue, as they have too often, that particular kinds of reductions must be avoided so as to maintain "strategic stability." One hears dire warnings, for example, against reductions that would have the effect of increasing the ratio between Soviet missile warheads capable of "hard target kill" and the number of American intercontinental ballistic missiles. The argument is

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that, in a crisis, the Russians would more likely attempt a disarming attack against us than they would if both sides maintained essentially the current balance or built additional forces affording greater "survivability."

We find no fault with the arithmetic. But the assumptions it rests on and the scenarios it invokes are mind-boggling.

What such calculations of strategic stability fail to reflect is the destruc-

tive power of even a small fraction of either side's current arsenal. How much death and destruction constitute a sufficient threat to deter? With less than 10 percent of its available deliverable weapons, each side could eliminate the other as a modern industrial state; in minutes, either the United States or the Soviet Union could wreak havoc on the other more devastating than the cumulative effects of any past war.

No scenario envisioned by nuclear

strategists would allow one side or the other to eliminate the possibility — indeed likelihood — of its own destruction. No defensive or offensive weapons technology existing or contemplated would change that reality. Neither would the deepest reductions now under consideration.

Take an extreme scenario. The Russians attack and succeed in destroying all the American land-based and air-based strategic forces and all but five of our missile-launching Tri-

dent submarines (an outcome we cannot believe Moscow would imagine possible). That would leave the United States with nearly 1,000 warheads, each with well over 10 times the explosive power of the Hiroshima weapons. Would the risk of devastating retaliation after such a strike be much different for the Russians if we were to be left with 500 or 1,500 weapons rather than 1,000? No. Moreover, the Soviet Union would have to assume that under any attack scenario the remaining American warheads would not number 1,000 but several thousand, even if we adhere to an agreement for much deeper reductions than are now being considered.

The current obscene destructive capability of each side is such that reducing it by 10 percent, 20 percent or 50 percent would hardly make nuclear war less damaging. Moreover,

Arguments  
on numbers  
of weapons  
obscure  
the concept  
of deterrence

the numbers themselves are not likely to cause either the Soviet Union or the United States to behave very differently in a crisis.

Proposals for reductions should therefore be judged as encouraging indications that leaders on both sides explicitly acknowledge the futility of the arms race, and no longer conceive of arms control as a means to restructure nuclear forces so as to make them more or less usable. From this point of view, larger reductions are better than smaller ones. But regardless of what the reduction level may be, an opportunity for an agreement should not be foregone because of disproportionate attention to hypothetical nuclear threats or an excessive preoccupation with calculations of "relative stability."

In short: no reductions now being proposed would threaten either side's nuclear deterrent. But an agreement to reduce numbers of weapons would at last signal understanding that security is not to be found in the maintenance of large, and ever more refined, nuclear stockpiles.

## The Administration's Unofficial Secrets Act

By Daniel Schorr

WASHINGTON — Britain, with no First Amendment, has an Official Secrets Act, empowering the Government to ban information on national security grounds. In the United States, despite the First Amendment, the Reagan Administration in recent months appears to have laid the foundations for an Unofficial Secrets Act.

In Britain, a motorcycle courier delivers to news offices a "D-Notice" from the Ministry of Defense, formulated after consultation with a committee of editors. The notice, itself secret, specifies the subject that must be kept under wraps. Last week the Appeals Court in London banned the publication of allegations of Soviet penetration of the British Secret Service, holding that the information should be given not to the public but to the Prime Minister.

In recent months, American editors have come to know the more informal "C-Notice" — a telephone call from William J. Casey, Director of Central Intelligence, warning of possible prosecution under existing espionage laws. These warnings have created a fog of uncertainty in many news offices. At National Public Radio the other day, a reporter asked whether, in view of official warnings against "speculating" on communications intelligence, he could safely proceed

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with a taped interview with James Bamford, a journalist and expert on the National Security Agency. He was told to go ahead.

Not all recipients of cautionary calls from Mr. Casey choose to disclose them. In the most recent publicized cases, he gave such warnings to Bob Woodward, an assistant managing editor of The Washington Post, and to Seymour M. Hersh, both authors of forthcoming books dealing with intelligence subjects. The C.I.A. Director, professing not to know the contents of these books, indicated that the warnings were directed not to specific points, but to whole categories of information.

In the face  
of the First  
Amendment

The Administration appears to be moving to expand the bridgehead it won in May by successfully squelching a Washington Post article about the secrets of underwater eavesdropping, which Ronald W. Pelton, a former employee of the National Security Agency, was convicted of selling to the Russians.

According to the executive editor, Benjamin C. Bradlee, Post editors tried various versions of their story

on Government officials and, receiving approval for none of them, finally yielded to the warning of Mr. Casey, plus a personal appeal from President Reagan. The Post suppressed the main substance of its story. Mr. Bradlee said, even though the editors were convinced that national security was not involved.

In the past, news organizations have responded to appeals to withhold information when persuaded of the harm that publication might do. The Reagan Administration, however, is trying to establish that the press has not only a patriotic duty but also a legal obligation to suppress information that the Government declares off limits. That is new, and it is alarming.

The legal underpinnings for the "Casey Doctrine" are tenuous. Anti-espionage laws have been successfully used against press publication in a few cases, none of them so far tested in the Supreme Court for constitutionality.

In a case involving The Progressive magazine in 1979, a Federal District Court held that the Government had broad authority, under the Atomic Energy Act of 1954, to obtain an injunction to ban an article dealing with nuclear weapons, even if written from unclassified sources. (The injunction was lifted when the article was published abroad.)

Last year the Espionage Act of 1947 was successfully applied, for the first time, to a press leak. Samuel L. Morison, a Navy intelligence analyst, was sentenced to two years in prison for

providing satellite photos of a Soviet aircraft carrier to the British magazine Jane's Defense Weekly. (Mr. Morison is free on bail pending appeal.)

A third statute, which Mr. Casey has dusted off and is now brandishing, is the Communications Intelligence Act of 1950. This Draconian law was written in the shadow of World War II concerns over revelations of broken enemy codes. Supreme Court Justice Byron R. White called attention to this statute in his opinion in the 1971 "Pentagon Papers" case, saying, "I would have no difficulty sustaining convictions under these sections."

The Reagan Administration needed

'C-Notices'  
from the  
C.I.A. chief

no further encouragement. The Communications Intelligence Act prescribes prison and fines for "whoever knowingly and willfully communicates, furnishes . . . or publishes" classified information dealing with communications intelligence "in any manner prejudicial to the safety or interest of the United States." The statute covers codes, eavesdropping and intercepts, as well as any information obtained by such methods.

Mr. Casey takes the word "publishes" literally, and his early warnings are clearly intended to establish in court that any violation was undertaken "knowingly and willfully."

Altering espionage laws against the press may not survive a constitutional challenge, but the test could prove expensive, and possibly ruinous.

With the latest changes on the Supreme Court, the judicial climate for a restriction of press freedom may be improving. Furthermore the Senate has passed a bill, introduced by Senator Ted Stevens, Republican of Alaska, providing that anyone convicted of espionage would "forfeit all property" that was used in committing the offense. Allan Adler, legislative counsel for the American Civil Liberties Union, says that could be construed as applying to all the assets of any news organization that was found guilty under an espionage law. Senator Stevens denies that this is his purpose.

Thus Mr. Casey, acting with full Presidential approval, has succeeded in creating an aura of vague, amorphous menace to the discussion of intelligence subjects. He would like to go even further. Mr. Casey told The Washington Journalism Review that "we need to get better control over that whole process" by enacting new legislation that would explicitly ban the "misuse of classified information." That would introduce an American Official Secrets Act. Meanwhile from existing legislation, the Administration has gone far to create an Unofficial Secrets Act.

## Using Morals, Not Money, on Pretoria

By Lloyd N. Cutler

MARION, Mass. — I share the skepticism of President Reagan and Secretary of State George P. Shultz as to whether wider economic sanctions are likely to move the South African Government toward ending apartheid and the disenfranchisement of its black peoples. I also agree that the multinational firms in South Africa are a positive force toward achieving these goals and should be encouraged to remain. At the same time, I agree with the critics of our South African policy who believe it is high time for the Western democracies to move beyond "constructive engagement."

The Western democracies have ample diplomatic means to bring additional moral pressure against the South African Government. Article

Lloyd N. Cutler, a lawyer who was counsel to President Jimmy Carter, was a founder of the Lawyers' Committee for Civil Rights Under Law.

One of the United Nations Charter establishes the basic right of all peoples to self-determination. It also commits the United Nations to "promoting and encouraging respect for human rights and . . . fundamental freedoms . . . without distinction as to race."

With the Western democracies' support, the United Nations General Assembly has adopted a universal declaration of human rights, embracing the right of free elections "by universal and equal suffrage." The Security Council has long since found that South Africa has denied this right to the black peoples who are the overwhelming majority of its population. In addition to the Security Council's call for limited economic sanctions, the General Assembly has urged other member states to assist the black population in its struggle. Curiously, Mr. Reagan's recent speech on South Africa never mentioned the U.N. or its efforts to end apartheid.

By acting under these earlier Security Council resolutions or by proposing new ones, the Western democracies could assist the black

The right  
to vote  
is surely  
the linchpin  
of change

population by granting open political recognition to the African National Congress and any other group that can reasonably be regarded as representing a significant number of disenfranchised black people. We could also provide financial assistance and technical advice to such groups in their efforts to achieve the right to vote. We could call on the Pretoria Government to negotiate with these groups to frame a constitution under which the right to vote and other

human rights are guaranteed to all.

The stated reason for our military and financial aid to the Nicaraguan "contras" is to help them restore a freely elected government to that country. By receiving the contra leaders in the Oval Office, President Reagan has also granted them open political recognition. How can we fail to grant comparable recognition and at least financial support to the black opposition leaders of South Africa, when that nation's total disenfranchisement of its black majority is even more offensive to the principles of democracy?

The present South African Government will of course protest that such actions would be an improper international interference in its own domestic affairs. But, by herding its black people into separate "homelands" and denying them South African citizenship, the Government has forfeited any claim to treat apartheid as a purely domestic affair.

Moreover, we are past the day when the rulers of any nation are free to deny the right to vote to most of

their own people. If the U.N. Charter means anything, it establishes the rights of self-determination and universal suffrage, and it empowers the U.N. institutions to enforce these rights. It also entitles U.N. members to provide at least peaceable assistance to any people seeking to achieve these rights.

Political comparisons between nations are rarely reliable. But the right to vote is surely the linchpin of peaceful change in South Africa, just as it was the linchpin of peaceful change in our own South.

I recall an apt remark by the late Senator James Eastland of Mississippi, an articulate opponent of the Voting Rights Act and other desegregation measures before they were adopted. During a quiet bourbon and branch water in his Senate hideaway, he said, "When they get the vote, I won't be talking this way anymore." Once freed from the albatross of imposed white supremacy, he courted black voters as assiduously as white ones. Underneath it all, the Afrikaner politicians may be like Jim Eastland.



# Small British-Made Films Are Winning Large Audiences

By STEPHEN HARVEY

About once a decade or so, the crisis-prone British film industry enjoys a sudden burst of vitality whose reverberations are felt even in the chauvinistic American market. In the 1930's, Alfred Hitchcock's early triumphs, including "The 39 Steps" and "The Lady Vanishes" and such Alexander Korda productions as "The Private Life of Henry VIII" and "The Ghost Goes West," found audience favor on both sides of the Atlantic. The postwar years marked the rise of such directorial talents as David Lean ("Brief Encounter," "Great Expectations"), Carol Reed ("Odd Man Out," "The Third Man") and the Powell-Pressburger team ("Black Narcissus," "The Red Shoes"). The 50's brought mordant satirical comedies from the Ealing Studios, and the early 60's, the pre-modernism of such restless film makers as John Schlesinger, Lindsay Anderson and Tony Richardson.

At present, English-made movies are enjoying their strongest resurgence in a generation — especially apparent now that Hollywood's output seems, by critical consensus, to have reached a new creative ebb. So far this year, such films as "My Beautiful Laundrette," "A Room With a View," "Turtle Diary," "Letter to Brezhnev" and "Mona Lisa" have premiered to great enthusiasm from the press and, in most cases, surprisingly large audiences. "Laundrette," filmed in 16 millimeter at a cost of under \$1 million, has turned out to be — after Akira Kurosawa's "Ran" — the second most successful picture ever distributed by Orion Classics, with a gross so far of \$3 million. Five months after its premiere, "A Room With a View" still attracts the longest lines in town to the Paris Theater; its producer, Ismail Merchant, estimates that the final theatrical gross on the film may reach upwards of \$20 million — a respectable sum even in Hollywood, and a positive bonanza for a genteel romantic comedy adapted from an Edwardian-age novel by E. M. Forster.

Apart from their shared national origins, these films would seem at first glance to have little in common. Where "A Room With a View," written for the screen by Ruth Praver

Jhabvala, is the quintessential example of literature transformed into celluloid, "Mona Lisa" skillfully transplants the old-time Hollywood pulp of film noir and amour fou into a present-day Cockney context. "Turtle Diary" focuses on middle-class loneliness and eccentricity, while both "My Beautiful Laundrette" and "Letter to Brezhnev," which was written by Frank Clarke, probe working-class frustration and hopelessness in Margaret Thatcher's England.

In fact, what marks all of these films is the explicitly parochial nature of their style and subject matter. Where Hollywood's output is largely pitched in the universal Esperanto of pop culture to woo 19-year-olds of all ages and nations, "Laundrette" and the rest couldn't be more idiosyncratically English. Each of them is firmly rooted in a very specific social context, whether it be the repressive gentility of well-heeled country life in "A Room With a View," or "Letter to Brezhnev's" Liverpool backwater, where the best opportunity a local girl can hope for is a lifetime ripping out chicken innards in the local poultry factory. All of these films are informed with a kind of gimlet-eyed skepticism toward the official values of the society they depict — an attitude far removed from the smug good cheer of most of Hollywood's current product.

Moreover, for all their visual verve, these are essentially writers' movies, with a distinctive personal voice attuned to the nuances of class and region which define the people who inhabit them. To a degree inconceivable on the American screen at present, the English film industry has become a creative haven for some of the nation's best writing talent, from such playwrights as David Hare ("Wetherby") and Shelagh Delaney ("Dance With A Stranger") to Harold Pinter ("Turtle Diary") and Hanif Kureishi ("My Beautiful Laundrette"). Neil Jordan, the writer-director of "Mona Lisa," is an esteemed young novelist who over the years has become "obsessed with film making — what I was writing was quite influenced by films, and it excited me to write something directly for the screen." When he wrote the script for "Angel," a contemporary film noir set in Ulster, he insisted on directing it himself; the film's local success immediately marked him as one of England's most promising film makers. "When I first went to London in the 1970's, the theater was astoundingly vital," Mr. Jordan recalls. "Now it seems that the excitement has shifted to films."

All of these lively recent British films have, of necessity, combined imagination with decidedly modest means; "Mona Lisa," the most expensive of these, cost less than \$4 million to produce, compared to \$12- to \$15 million for the average big-studio Hollywood movie. Ironically, it was the gradual disintegration of big-studio production in England as a mass medium which eventually gave rise to the current surge of creativity. The British cinema had been buffeted on both sides by competition from Hollywood and the domestic small screen; by the 70's, it was clear that any attempt to spend substantial sums on local fare aimed at wide public tastes was doomed to failure — that the general audience had long since abandoned the local Odeons to sit home by the tube.

Gradually, such resourceful producers as David Putnam and the Handmade Films Company, an independent production company whose founders include the ex-Beatle George Harrison, devised a new approach. Besides making bigger films with presumed international appeal, it devoted its energies to small projects for that sophisticated though hardly sizable audience which still remained loyal to the cinema. Perhaps the biggest spur to revitalization of the British screen came from the television entity Channel Four. From the time it went on the air in 1982, Channel Four sought to create a new spirit of cooperation between British television and the languishing film industry. As David Rose, Channel Four's senior commissioning editor, explains, "We were required by an Act of Parliament to innovate in content and form, and to engage in a working relationship with independent film makers. And for the first time, television could originate films that could also have a life in the cinemas."

On some projects, such as "Laundrette," Channel Four has commissioned the scripts and provided all the financing. On others, such as "Mona Lisa," it has contributed a portion of the budget by picking up the British television rights in preproduction. According to Mr. Rose, of the more than 80 projects Channel Four has sponsored in part or in full, at least half have enjoyed theatrical runs before appearing on the Film on Four television program; moreover, a like number marked the film-making debuts of their writers or directors. Mr. Jordan feels that the new order of things is a much healthier ap-

proach than the persistent dream of some would-be moguls in England to create a Hollywood on the Thames. "The old industry was fighting a losing battle, turning out one or two films a year to try to accommodate international tastes. Now the audience has become sectionalized here in a strange and wonderful way, and movies made sensibly can now have three lives — first on release to the cinemas, then to video and finally on television." He believes the financial constraints on film making on this scale actually create a better working atmosphere.

"On a budget like the one I had on 'Mona Lisa,' you have a lot more freedom, in fact," Mr. Jordan says. "The executives' lives aren't on the line over just one film." "There's no need ever to spend more than \$4- or \$5 million dollars to make a film," Mr. Merchant declares. "A Room With a View" cost \$3 million, and it was our highest budget ever. And at half that, you don't have to go crazy with heartache because at least you know there'll be an audience on TV on Channel Four."

In recent weeks, New York audiences have had a chance to sample a



Cathy Tyson and Bob Hoskins, above, are the unlikely couple in "Mona Lisa," one of the year's critical and popular hits from Britain.



Anglo-Pakistani life is explored in Stephen Frears's "My Beautiful Laundrette," starring Gordon Warneke, Shirley Anne Field and Saeed Jaffrey.

wide range of independent British film making at the Film Forum 1, which has been presenting a series of eight Channel Four productions in their local theatrical premieres. This selection has given a provocative glimpse of the television entity's broad spectrum of programming. If "The Assam Garden," a story about an English widow, her Indian friend

and her garden, running through Aug. 12 and marking Deborah Kerr's return to feature films after a long absence, is the kind of quietly observant character sketch that might be found on Sunday nights at WNET, others have a kind of gritty immediacy a continent removed from the ingrained sentimentality of American made-for-television movies.

Also presented in the series, "Loving Walter," by Stephen Frears, the director of "My Beautiful Laundrette," is an account of a severely retarded man's vain attempt to forge a life for himself outside a state institution, while Michael Leigh's "Meantime" depicts the hopeless pathology of a family of East End layabouts.

## Arts & Leisure

### Within Us All Lurks The Secret of Classic Horror

By WALTER GOODMAN

Whether you greet the appearance of James Cameron's "Aliens" and Stephen King's "Maximum Overdrive" with anticipation or resignation, they attest that horror movies, unlike most of the characters in them, are very much alive — and doing very well at the box office. The appeal of movies designed to scare the pants off us has provided fodder for graduate students, psychologists, sociologists, critics and dinner-party conversationalists since at least "The Cabinet of Dr. Caligari" in 1919. The new ones are spectacular in a blow-you-out-of-your-shoes way, but the old ones gave us more to think about and dream about.

What the makers of horror movies have always known is that ugly, hairy, deformed, bad-intentioned creatures appearing out of the shadows and looming over slumbering heroines is scary. The sudden sight of a dead body, especially with limbs out of joint and a look of terror on its face, can be counted on to give one a start. The intrusion into a home or a bedroom of some ghostly presence, while thunder and lightning shake the heavens and the doors to the secret passageways creak, has set countless spines a-tingle. The sight of blood used to cause moviegoers to shut their eyes, but such torrents of blood have flooded the screen in the past decade or so that most of us can take it now without blinking.

A main challenge to the makers of horror movies over the years has been to find novel means of setting off shudders and squeals, and super chillers like "Aliens" and "Maximum Overdrive" demonstrate their state-of-the-art ingenuity. Special effects can carry the movie maker quite a distance in the horror line, but there is a limit. Scare techniques wear out. The bursting forth from a human chest of an icy "hostile organism" in this season's "Aliens" was less startling than when it first happened in the 1978 "Alien."

How then are we to account for the enduring fascination of old movies that are generally accepted as classics of the horror genre? You know them: "Frankenstein," "Dracula," "The Invisible Man," "Dr. Jekyll and Mr. Hyde" and a few others. They all had their share of gimmicks, which scared audiences at the time and have continued to do so for as much as half a century, but the subjects were more than gimmicky. These



Miriam Hopkins had to contend with a monstrous Fredric March in the 1932 version of "Dr. Jekyll and Mr. Hyde."

tales located the source of the demons of our nightmares in humanity itself and found the humanity within the evil.

Those menacing creatures in the "Alien" movies, who do their incubating in the human breast or stomach, are apt metaphors — evil visibly springing out of man, like an inspiration of Hieronymus Bosch. But neither "Alien" nor "Aliens" takes its metaphor seriously. In both movies, evil is external.

In none of the three movie versions of Robert Louis Stevenson's "Dr. Jekyll and Mr. Hyde" does the devilish Hyde actually spring from the bosom of the saintly Jekyll, but in each, Hyde comes out of Jekyll's soul. The story is in a science-fiction tradition that warns against man's arrogance in delving too deeply into the unknown, but it is more.

When Stevenson wrote his tale in 1886, Sigmund Freud had still to develop his theories of the unconscious, yet "The Strange Case of Dr. Jekyll and Mr. Hyde" can be read as a drama of the unconscious, or, for the clinically disposed, a case history of schizophrenia.

"The Invisible Man" works similar ground. A lot of talent went into this 1933 movie, in which Claude Rains revealed his invisibility before our eyes.

The screenplay of the H. G. Wells story was by R. C. Sheriff and Philip Wylie, and James Whale directed. Like Dr. Jekyll, Dr. Griffin has only the best of intentions in experimenting with the drug "monocaine," but once hooked, he turns into a monster. And like Mr. Hyde, he relishes his exploits. No one is safe from the desires that civilization demands be suppressed, not even the best and the brightest among us.

James Whale also directed what may be the finest horror film of all, "Frankenstein." Again, it owes its power to a literary conception, Mary Shelley's 1818 Gothic thriller. Although each of these movies made notable use of the special effects department, they all had a narrative base on which to build. What plot there is in a movie like "Aliens" exists only to serve its special effects.

Horror tales merge with dreams, darkness and death. Count Dracula, that unliving creature of the night who needs the life's blood of others so that he may survive, is the ultimate nightmare. His evil springs from an entirely human desire for survival and, in his way, for love. He is the personification of the terrible forms that man's desires can take, the threat they pose to the orderly lives that society requires.

## Who's Zoo in Sports BY JEANETTE K. BRILL/ Edited by EUGENE T. MALESKA

| ACROSS                   |                |        |                  |         |                                |                      |                    |                        |                           | DOWN           |             |               |                  |                       |               |                       |           |                  |            |                     |                  |                           |                          |                |             |                             |                      |               |              |                     |                           |               |                   |               |             |                    |                                    |             |                       |               |            |               |                            |                            |                        |                                       |                   |            |                             |                         |                     |                      |            |                 |              |            |                         |                       |            |          |                         |                    |          |         |                             |                     |                    |              |                                   |              |            |              |               |                   |                           |                    |                     |                         |                |                |                             |                    |                 |               |                           |                  |                                |                                  |                      |                 |              |                    |                          |                    |                      |                    |            |                 |                          |                 |                      |                |            |              |                    |                        |                        |             |                            |                 |              |                   |           |            |                              |                    |               |                        |                   |          |             |                              |            |                            |           |
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| 1 Baseball Hall of Famer | 2 Musical sign | 3 Ooze | 4 Boorish person | 5 Charm | 6 English statesman: 1890-1959 | 7 Collection of maps | 8 Irish Free State | 9 N.Y. Yankee: 1954-62 | 10 Baseball Hall of Famer | 11 Golf stroke | 12 Keepsake | 13 Film shots | 14 Atelier items | 15 Propelled a dinghy | 16 Lag behind | 17 Prefix with metric | 18 Johnny | 19 Play the lead | 20 Agitate | 21 No longer active | 22 Clever escape | 23 Baseball Hall of Famer | 24 Two come in "Roberts" | 25 Plant shoot | 26 Coquette | 27 Suffix with Ham or Sherm | 28 Small needle case | 29 Do-nothing | 30 Ascertain | 31 Orchid byproduct | 32 Marine locating system | 33 Songwriter | 34 Roast, in Roen | 35 Prying bar | 36 Brackish | 37 Tokyo, formerly | 38 Middleweight boxing champ: 1928 | 39 Mournful | 40 Feel about blindly | 41 Golf's Cup | 42 Trample | 43 Dress size | 44 American skier: 1945-76 | 45 Gen. Arnold, to friends | 46 Memorable Sir Harry | 47 Whom Englishmen get out in the Air | 48 Kolinsky, e.g. | 49 Emulate | 50 Harry (The Cat) Brecheen | 51 Revealed fallibility | 52 Darnell or Evans | 53 Wilander, for one | 54 Incense | 55 Eared vessel | 56 Cared for | 57 Incline | 58 Baseball family name | 59 Escutcheon spoiler | 60 Washout | 61 Anger | 62 One who makes a will | 63 Short necklaces | 64 Merit | 65 Back | 66 Activity dreaded by QB's | 67 Waters or Merman | 68 Ivy League team | 69 Felt shoe | 70 April-to-October, for baseball | 71 Animation | 72 Pitcher | 73 Harshness | 74 Provincial | 75 Ottoman rulers | 76 Commit with confidence | 77 Doubting Thomas | 78 Holy Moslem book | 79 With — hand (humbly) | 80 Swiss river | 81 Willow twig | 82 McCullough's "The Birds" | 83 Hybrid primrose | 84 Opt for ease | 85 Suppressed | 86 Football Hall of Famer | 87 Coconut fiber | 88 Fragrant chemical compounds | 89 A Cy Young Award winner: 1974 | 90 Absentee of sorts | 91 Luge or pung | 92 Egg white | 93 Houston athlete | 94 Follower of yes or no | 95 Elaborate party | 96 Borne by the wind | 97 Theater section | 98 Conduit | 99 Says it's so | 100 Cooks of tennis fame | 101 More mature | 102 Mineral deposits | 103 Gullflower | 104 Lugged | 105 Sautered | 106 City in Israel | 107 Emulates Shoemaker | 108 State tree of Ark. | 109 Entreat | 110 Hawthorne's birthplace | 111 Turkish inn | 112 Predator | 113 Room at large | 114 Talus | 115 Not up | 116 Deep, oceanic depression | 117 Himalayan ibex | 118 Unadorned | 119 Flat-bottomed boat | 120 Pitcher Craig | 121 Obey | 122 "home!" | 123 Supplemented, with "out" | 124 Swerve | 125 Salt Lake City athlete | 126 Owing |



## BASEBALL: Royals blast Bosox 13-2

## Brett, Balboni lead rout

NEW YORK (AP). — The Kansas City Royals, turned Fenway Park into a hit parade in the seventh inning on Saturday, exploding for 11 runs with George Brett and Steve Balboni leading the procession.

Brett rapped an RBP double and two-run single and Balboni hit a three-run homer during the big inning as the Royals went on to drub the Boston Red Sox 13-2.

The Royals tied a team record with 11 runs in the inning and set a team mark with 11 hits. Brett, Angel Salazar and Mike Klinger each had two hits in the inning.

## AMERICAN LEAGUE

Indians 6, Yankees 5

Cory Snyder singled home Joe Carter from second base with one out in the 10th inning, leading Cleveland over New York.

## Orioles 5, Blue Jays 2

Cal Ripken's three-run homer broke a sixth-inning tie and powered Baltimore over Toronto.

## White Sox 5, Tigers 3

John Cangelosi tripled and scored the go-ahead run on a sacrifice fly by Daryl Boston as Chicago beat Detroit and pitching ace Jack Morris.

## Twins 8, A's 4

Mike Smithson pitched a two-hitter and Tom Brunansky keyed a five-run first inning with a two-run homer, leading Minnesota over Oakland.

## Brewers 9, Rangers 8

Paul Molitor hit a two-out RBI single in the bottom of the eighth to lift Milwaukee past Texas.

## Mariners 7, Angels 3

Ken Phelps and Jim Presley hit three-run homers and Alvin Davis added a solo shot to power Seattle over California.

## NATIONAL LEAGUE

Dodgers 7, Reds 1

Enos Cabell's grand slam snapped an eighth-inning tie and Alejandro Pena and Tom Niedenfuer combined on a one-hitter as Los Angeles beat Cincinnati.

## Phillies 12, Cubs 2

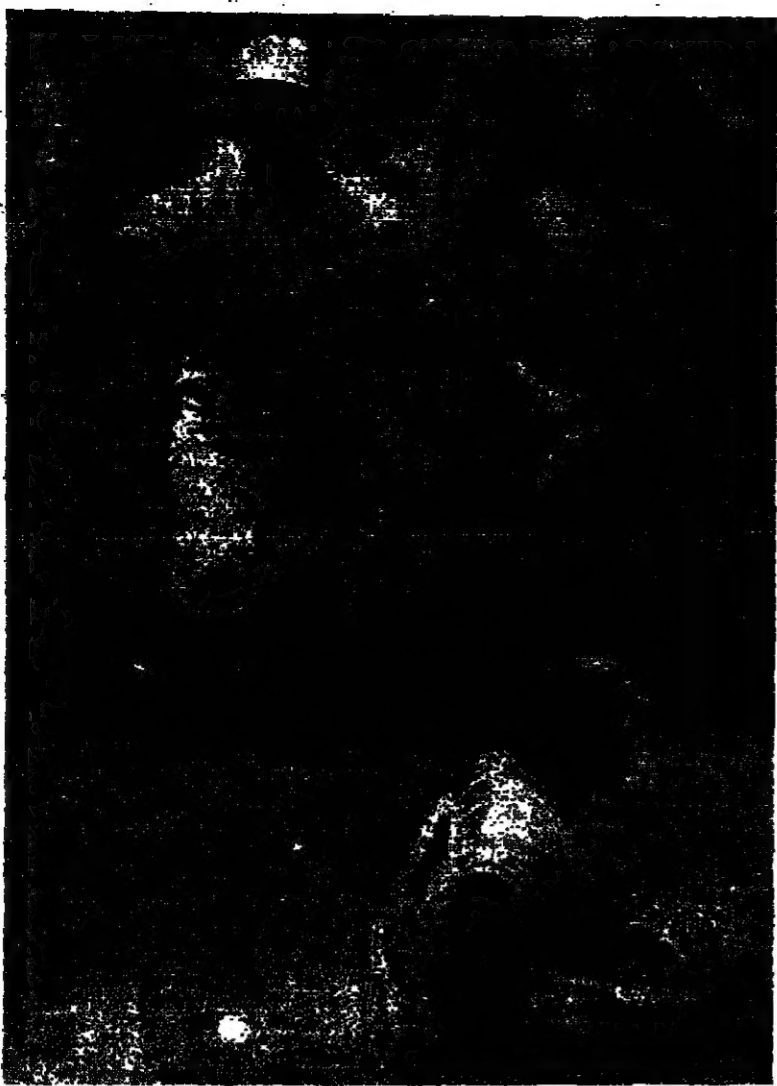
Juan Samuel went 4-for-5, including two doubles and a triple, and drove in three runs, and Kevin Gross pitched a five-hitter. Philadelphia pounded Chicago.

## Giants 7, Braves 5

Jose Uribe led off with the seventh inning with a pop-fly double and scored the tiebreaking run on Dan Gladden's single, helping San Francisco past Atlanta.

## Cardinals 7, Pirates 3

Ozzie Smith drove in three runs and John Tudor won his fourth straight decision as St. Louis defeated Pittsburgh.



DOUBLE PLAY. — Baltimore second baseman Juan Bonilla leaps over Toronto's sliding Tony Fernandez to complete a double play with a throw to first base.

(Reuters)

Meis 4, Expos 1

Rick Aguilera and Jesse Oroyco combined on a four-hitter and Garry Carter drove in three runs as New York defeated Montreal.

Astros 5, Padres 4

Davey Lopes hit a two-run homer and Jose Cruz added a three-run shot in the first inning, while Mike Scott struck out 11 over seven innings to lead Houston over San Diego. NATIONAL LEAGUE EAST

New York 8, Mets 4

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THE LONGER I live the more sceptical I become. Levitation? Don't tell me you have this friend who saw it with his own eyes. Get someone to float in the air here, in my living room, before my own eyes, and I'll buy it. Astrology? Let their New Year predictions come true just once; and I'm off to the nearest star-gazer. There are many things that have no rational explanation, notably hypnosis, so I am keeping an open mind. I'll accept ghosts, devils, witches, voodoo, you name it, but I want proof.

My scepticism is not confined to the occult, but extends to much of what I hear and read. "Inside information," the "real" low-down — I've learned to reserve my judgment on them. Where there's smoke there is fire doesn't apply here. Clouds of rumour may drift about without a single spark in existence.

Hardest of all to wean myself of has been my youthful faith in the printed word, in the authority of books and newspapers. If I couldn't believe them, what was left? Quite a

lot, apparently, because I haven't given up reading, even after having caught many a writer's errors, questionable or misleading statements, and outright lies.

Half the males in a certain kibbutz were found to have Aids antibodies in their blood, one evening paper informs me. Next day there is a correction: not half the males, but half of those who underwent blood tests. Which makes it how many? Two? Six? Nine? They don't say, but it doesn't matter, for a day later comes the total retraction: not one female kibbutz member, male, female or hermaphrodite, has been found to have Aids antibodies in his blood. Good, I was beginning to get worried already.

Not being an economist, I'm re-

duced to taking nearly everything I'm told concerning the economy on trust. And it takes some trusting when at noon the radio announces that our annual export figures have gone up compared with the previous year, while that evening's *Mabat* says they have gone down. Mabat, to be sure, quotes chapter and verse: so-and-so many percentages of this, so-and-so many of that.

What is a person to believe? He doesn't even know whether to mourn (they went down) or rejoice (up). Comes the dawn and he rejoices, for that morning's *Jerusalem Post* says exports have gone up, and he's a *Past* devotee. Besides, it's two against one.

So much for when you know nothing of the subject dealt with. It is when you do that you are almost

## Believe it or not

RANDOMALIA / Miriam Arad

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tempted to give up newspaper reading for good. "[It's] most recent project," I read, "was the installation of a linear accelerator in Tel Aviv Hospital... Tel Hashomer is the only other hospital in the country with a linear accelerator."

Now, this is the kind of item I would never doubt, but it just so happens that a few days before reading it, I had visited one of the Hadasah hospitals in Jerusalem, and seen their linear accelerator large as life. It shatters what little faith you ever had, such a thing.

Next they'll tell you David Levy has prime ministerial aspirations and you won't believe that. Still, we can't go ask Levy, can we? We can't go around altogether checking every fact we read in the paper or hear on the radio.

What's to be done? Nothing, I suppose, except make up your mind it isn't all that important. Two accelerators, three, exports have gone up, gone down, David Levy... what matters is that we should all be healthy.

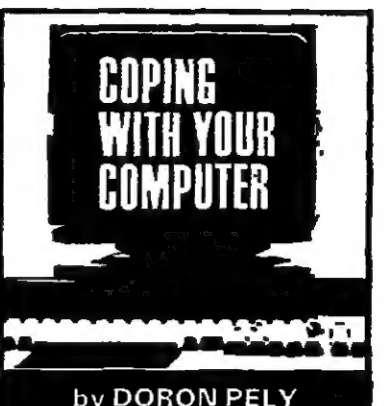
low as \$200 and a good quality daisywheel printer costs around \$2,000.

But printing costs are not figured by the price of the printer alone. Maintenance costs and accessories such as page leaders and slencers must be taken into account when one shops for a printer, and that's where the laser printer has an advantage over cheaper models. The most frequent maintenance a laser printer requires is a replacement of the toner cartridge after 3,000 copies. Priced at around \$150 that puts the price of a single copy at three cents (paper cost not included) — not much. A major overhaul is usually required every five years.

Laser printers are sold in Israel by several vendors such as Mir Electronics, Meidan Computers, Computer Measurement Systems and Alpha terminals. Prices range from \$4,900 to \$6,000.

As the technology improves, the price can be expected to drop sharply, but even \$2,000 is still a lot of money for the non-commercial user.

## Printing with light



by DORON PELY

through heated rollers, picks up the toner and "bingo" we have a printed page.

This technology has three major advantages over the traditional impact-based methods of printing: Speed — while a dot-matrix printer can produce three pages a minute,

and a daisywheel printer even less, a laser printer can deliver up to nine pages of print per minute.

Noise — because of their design, dot-matrix printers are very noisy machines. Each and every letter produced on such a printer is combined of many tiny dots, created by hammering pin-size markers through an ink ribbon onto a page. Daisywheel printers are no less noisy. Both types have mechanical parts moving and banging at each other. Laser printers do the job with hardly a sound.

Flexibility — a laser printer can produce any type of lettering or graph that the computer will instruct it to print.

THE ONLY problem with laser printers is their price. Most models on the market today cost between \$5,000-\$7,000 and that is probably way above what the average home computer owner paid for his entire system. Dot-matrix printers go for as

OF THE many hundreds of articles written by Ze'ev Jabotinsky (who died 46 years ago), one of the most dramatic and profound was "Aufen Pripitchook" (inspired by the song of Warsaw). The article was published in Yiddish in 1935, and had an instant and lasting influence on his own followers and many thousands of other Jews.

The famous Zionist leader was admired for his activism. He was the organizer of Jewish defence groups in Russia after the Kishinev pogroms; the founder of the Jewish Legion in World War I; the Defender of Jerusalem in 1920 and the first prisoner of the Kishinev pogroms.

Therefore, his words were listened to with rapt attention and his articles snatched up, widely read and discussed. They stirred passions and inspired action. Few more so than "Aufen Pripitchook".

In it he simply states that every generation of Jews has its own *aleph*, and he continues with these prophetic, powerful words: "For this generation now growing before our own eyes, and on whose shoulders will fall the responsibility for the greatest turning point in our history, the *aleph* is very plain and simple: Young men, learn to shoot!"

"We all know the arguments that will doubtlessly be advanced against such an *aleph*. I will not say that they are foolish or unimportant arguments — on the contrary, they are, in the main, very important and very real complaints..."

"Even if I am told to shoot means militarism, particularly in the present world, which hates militarism and strives for peace — I would also not disagree very much, although I am not so certain that the 'world' truly has such peaceful aspirations. I would even concede that it is very sad for us Jews at a time like this to be forced to learn to shoot. But we are forced to it, and it is futile to argue against the compulsion of a historical reality."

"The force of historical reality teaches us a very simple lesson. If we will all be educated people and learn to plough the land, and to build houses, and if we will all be able to speak Hebrew and know our whole national literature from the Songs of Deborah to Avigdor Hameiri and Shlonsky and yet not know how to shoot, then there is no hope."

"If, however, you will be able to shoot, then there still is some hope."

The message that Jabotinsky preached was, of course, the need for military preparedness, for national strength to provide the "Iron Wall" (the title of another of his articles) that would protect the Zionist colonization enterprise in Eretz Yisrael. These articles sparked a bitter controversy which permeated Jewish life for a number of years. Jabotinsky and his followers were condemned as militarists and were mocked for "playing games with wooden swords."

The whole controversy that split the Jewish world at the time seems quite unrealistic in today's sovereign State of Israel which spends 25% of its GNP on defence.

HOWEVER, because of the vital significance of the security doctrine that Jabotinsky expounded in this article, the reader tends to gloss over his message in regard to another national goal that he advocated. I was reminded of it recently at the final concert of the 14th Zimriya which was advertised as 1,000 Voices Salute Jerusalem. The concert comprised choruses from various parts of Israel and a dozen countries overseas. The printed programme

announced that the International Assembly of Choirs was "founded by A.Z. Propes." This is what brought me back to "Aufen Pripitchook" again.

That very day, the late Aharon Zvi Propes was honoured by the city of Jerusalem and the Zimriya by having a street named after him in Tel Aviv. Mayor Teddy Kollek described Propes as the founder of the Israel Festival, the founder of the Zimriya and the International Harp Competition and as "the first Betar."

Propes, in fact, was the first young man in Latvia who joined Jabotinsky

in the formation of the Betar movement in 1923 and he became his close personal associate and aide right until Jabotinsky's last day in 1940.

Propes was the type of person who took Jabotinsky's teachings and philosophy literally and endeavoured to carry every aspect of it into effect. Jabotinsky's every wish was his command.

How does this relate to "Aufen Pripitchook"? In the opening paragraphs of the famous article Jabotinsky wrote: "What a pity we Jews do not pay attention to choral singing. In the Baltic lands, and particularly in

Estonia, the whole national movement commenced with choral singing, for it is an immensely powerful instrument to develop unity and discipline, and also that social aesthetic which one day will be known in the Jewish world, I hope, as Hadar Betari."

And so it was natural that Aharon Zvi Propes would seek the first opportunity to fulfil Jabotinsky's desire in that regard too. In the early years of the state, Propes headed a special promotions division of the Ministry of Tourism which at the time was attached to the Prime Minister's Office. In that capacity he initiated the various festivals mentioned above. His efforts have enriched the cultural life of the nation and made it a centre of great international events.

The writer is adviser on World Jewry to the Vice Premier.

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## SOCCER

## Avi plays for Rangers against Spurs

Avi Cohen played on Saturday for Glasgow Rangers in a testimonial match against Tottenham Hotspur at White Hart Lane in London. The match ended in a 1-1 draw. Avi played left back. This was his fourth match for Rangers after a month of participating in practices. He put up a very good performance, both on defence and attack, until the 30th minute, when he strained a muscle and had to go off.

Graeme Souness, Rangers' player-manager, making his debut in

his new role against the team with whom he began his great career, stamped his authority on the match. He said after the match, "It is a matter of coming to terms. I want to sign Avi and he wants to join us."

Maccabi Tel Aviv have indicated that they do not want to let Avi go, but he is coming home to persuade them to be reasonable. Meanwhile, it has been announced that the fee paid by Bruges for Ronnie Rosenblatt was \$270,000, the highest ever paid for an Israeli footballer.

## TENNIS Junior meet

BY JACK LEON

RAMAT HASHARON. — Twenty-three players from abroad have entered the Israel Tennis Centre's first annual Hirschfeld International Junior Circuit for boys and girls aged 15-and-under, which gets under way at 2.30 p.m. today at the ITC's Jaffa courts and continues with tournaments in Haifa, Jerusalem, Ashdod and Ramat Hasharon.

The entry includes six youngsters from Portugal, marking the first appearance of tennis players from that country in Israel. Other nations represented are Holland, South Africa and West Germany, plus one American coming in a private capacity, after the U.S. Tennis Association turned down the ITC invitation because of the security scare in the Middle East.

## CRICKET

## Gatting gets job, Botham is back

LONDON (AFP). — Mike Gatting was appointed captain on Friday of the English touring team scheduled to go to Australia at the end of the English season. He celebrated the appointment by hammering a massive 158 for Middlesex against Northants, enabling his team to reach 356 for 5. He hit a six and 24 fours. This was his first century in the county championship.

Even more interest than Gatting's innings provoked was inspired by Ian Botham returning to county cricket after his nine-week ban. He appeared for Somerset against Worcestershire. But he did not have a very good day. He missed three difficult slip catches, and took one wicket for 70. He bowled the mixture as before — medium pace orthodox stuff, experimental bouncers and a couple of unplayable balls.

David Smith loved it all. He smashed an unbeaten 165 off 286 balls, including two sixes and 23 fours, enabling Worcester to reach 379 for four.

Despite his testing day, Botham said, "I have enjoyed my return and would rate myself at peak fitness. When I rejoined the boys this morning, it was just like getting back to a family."

On Friday Botham played for an England team, captained by Bob Taylor, against a Rest of the World under Rodney Marsh in a 55-over charity match. Botham hit two sixes in his 24, without missing either, and took 2 for 35. Allan Lamb hit a great 106 off 70 balls in the English team's 268, in reply to the Rest of the World's 300 for 6 dec. (Greenidge 114, Border 79 n.o.).

Reserve wicketkeeper Bernard Maher hit a fine maiden century today as Derbyshire moved into a strong position against the New Zealand cricketers. Maher was a model of concentration and technique as he notched up 126 in Derbyshire's total of 276 for six at the end of the opening day of the three-day match.

OTHER COUNTY GAMES

At Old Trafford: Lancashire 170 (G.D. Mendis 54, P.W. Jarvis 4 for 36). Yorkshire 72 for no wicket.

At Eastbourne: Sussex 346 (C.M. Wells 186, N.J. Latham 68, N.A. Foster 58 n.o., Simon 49 n.o.). At Canterbury: Kent 229 for 8 declared (J.S. Crawley 68, S.A. Marsh 52 not out). Leicestershire 21 for 3.

At Cheltenham: Gloucestershire 281. Hampshire 127 for 5.

WORLD RECORD. — Jackie Joyner set a world record for the heptathlon for women in the U.S. Olympic festival. She collected 7,161 points.

TENNIS. — Thomas Muster (Austria) beat Jakob Hlasek (Switzerland) 6-1, 6-3, 6-3 in the final of the Dutch Open at Hilversum. Thierry Tulasne routed Jimmy Arias 7-5, 6-0 and unheralded Karel Novacek of Czechoslovakia stunned top seed Andrei Gorn 7-6 (7-6), 1-6, 6-4 in the semi-finals of the Washington D.C. tennis classic. American teenagers Stephanie Rehe and Melissa Gurney are through to the final of the San Diego Women's Tournament.

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# ECONOMIC NEWS

## MARKET PLACE

PETER TORDAY

### Weak signals

U.S. policy makers are deeply worried about their country's worsening trade picture and frustrated with their trading partners' rejection of calls for faster growth. Now these officials are hinting they want the dollar to go lower.

Recent comments by Federal Reserve Board Chairman Paul Volcker and Secretary of State George Shultz have helped convince financial markets that Washington is prepared to accept an even lower dollar to force a reversal in the alarming growth of its trade deficit.

The Fed's recent cut in the U.S. discount rate, to 6 per cent from 6.5 per cent, was taken without similar reductions by America's main trading partners. Such a development would normally weaken the currency, but as Volcker observed, the dollar's decline has been "at a slower rate of speed and in the last few months....It has not been declining in the same one-way direction that it was earlier."

Traders are interpreting his statement to mean that he is less worried that the dollar's decline would turn into a free fall.

Volcker has also emphasized that neither West Germany nor Japan - the biggest Western economies after the U.S. - were making fresh efforts to expand their domestic economic growth. Volcker and U.S. Treasury Secretary James Baker have repeatedly said without such policies, markets for U.S. exports will dwindle. Volcker also has suggested that a continued surge in the American trade deficit could eventually unhinge the U.S. economy.

"I think the signals, the harbingers of a near-term recession, are generally absent, but our fortune is much more closely tied to the external sector than it ever has been," he said. "In the year ahead the trade deficit has to reverse."

The Reagan administration says the trade deficit is running at a record annual rate of \$168 billion this year, despite a bid launched last September by the U.S. and four major trading partners - Britain, France, Japan and West Germany - to drive the dollar down. The deficit was \$148.5b. last year.

Last September's move was to cheapen U.S. exports and make imports more expensive in order to curb the trade deficit. But officials say the process has taken longer than they expected. Without a commitment to faster economic growth by key U.S. trading partners, they hint the dollar should fall even further.

Secretary of State Shultz, a former Treasury secretary and an economist, said last week during a conference on exporting there had been an important change in relative exchange rates but there was "still some way to go."

While Shultz later denied he had intended to express an opinion one way or the other on appropriate currency levels, his remarks convinced financial markets that Washington was resuming its policy of taking the dollar down further.

U.S. monetary sources say that while growth abroad remains weak and the trade deficit continues to surge higher, the dollar obviously will have to decline even more. But they stress that Washington is adamantly opposed to a decline that turns into a rout. That would not only be bad for the U.S. but could also weaken further the already sluggish growth in other major industrial nations.

Volcker highlighted this problem in congressional testimony last week. A fresh fall in the dollar by itself could "also hasten the effect of slow growth abroad," he said. Both Japan and West Germany, he pointed out, experienced weak first-quarter economic growth partly because their export sectors were suffering.

Looming ahead are fears that without early signs that the trade deficit will begin to decline, protectionist pressures in the U.S. could translate into hard-hitting laws. (Reuter)

**DOWNTURN.** - The Philippine economy declined by 3 per cent in the first half of this year, after posting a 0.8 per cent growth in the first quarter. The Manila Bulletin said, last week. However, the economy was still expected to post 1.4 per cent growth this year due to planned massive government spending.

### Cabinet approves unified tax year

## Tax revenue hit \$1b. in July

By AVI TEMKIN  
Post Economic Reporter

The Treasury yesterday said it had collected nearly \$1 billion in taxes during July, an increase of 15.4 per cent from the same time a year ago. For the first third of the fiscal year, revenue was up 5.8 per cent from April-July 1985.

In a related development, the cabinet yesterday approved a proposal to unify the different tax years currently in force for the different sectors of the economy. The cabinet decided that the ministerial legislative committee would draft a bill instituting a single tax year, beginning on January 1, 1987.

In addition, the Treasury and the Industry and Trade Ministry announced yesterday they were abolishing compulsory deposits on imports of whiskey and spirits, shoes,

refrigerators, dish washers, dryers, radios, video cassette recorders, furniture and vacuum cleaners. But the government concurrently announced an increase in the purchase tax on these items, thus their price to the consumer will remain unchanged.

Commenting on the tax figures, the Treasury stressed that the large increase in tax revenue reflected the steep increase in private consumption and imports of consumer durables. The ministry added that the tax figures also reflected the recent increase in economic activity.

According to the ministry's figures, revenue from customs and taxes on imports rose 40 per cent from the first third of the last fiscal year. The Treasury's revenue from customs last month was up 75 per cent from July 1985.

The large increase in tax collection has brought about a steep increase in the government's cash surplus in the last four months, to some NIS 700 million. Nevertheless, the Treasury has said it wants to cut the government spending by \$300m. to offset spending by various ministries that have exceeded their budgets. The Treasury has warned that the government's cash flow situation will worsen in the second half of the year.

Finance Minister Moshe Nissim said yesterday he was preparing a proposal for budget cuts that he hoped would be acceptable to the other ministries. Under the proposal, each ministry would determine the items in its budget that it wanted to cut, while the cabinet would be asked to approve the total sum to be cut.

### LIBERAL

(Continued from Page One)

The Bank of Israel said that the partial lifting of administrative regulations followed the marked improvement in the economy in recent months. Internal figures from the Bank of Israel obtained by The Jerusalem Post suggest that, from the beginning of the year and up to the third week of July, the public had decreased its holdings of illegally-held dollars by some \$250m. to \$300m.

Economic observers in Jerusalem said that the latest move was clearly designed as a signal to the public that no balance of payments pressure was expected, and therefore no devaluation would take place in the near future.

The central bank announced yesterday that it had lifted the prohibition on advance payment for imported goods, on condition that the sum was below \$50,000 or 15 per cent of the value of the goods imported. Importers will also be entitled to make early repayments of credits by suppliers from abroad.

The bank added that it had renewed the authorization to buy foreign currency and to transfer it abroad as a gift or support for sums not exceeding \$300. The bank said it had increased from \$200 to \$300 the sums which could be transferred monthly to Israelis studying at a foreign university.

Businessmen were authorized to take out their foreign currency allowance for business trips abroad in traveler's cheques, and not only through credit cards, as was the case before the current lifting of regulations.

Bank of Israel officials said the latest measures reflected the large surplus in the current account of the balance of payments in 1986, which would probably be close to the figure registered last year, some \$1.1 billion. The officials added that the foreign currency situation was reflected in an increase of \$28m. in the country's foreign currency reserves last month.

Israel is to receive within the coming two months \$375m. from the U.S., the last instalment of the \$1.5b. package of emergency aid which the Reagan administration agreed to transfer to Israel in 1985. According to the officials, the Treasury was likely to use this money to repay short-term debts, since the level of foreign currency reserves was already at acceptable levels.

Meanwhile, there were clear signs yesterday that the public was abandoning the dollar. Greenbacks were traded at NIS 1.56 on the black market, down from NIS 1.58-1.59 a week earlier. On the Tel Aviv Stock Exchange, dollar-linked bonds and arrangement bank shares registered large drops, as the public transferred investments to other shares. Non-dollar-linked investments rose between 3 and 10 per cent in trading yesterday.

**Accounts offered based on new currency basket**

Israel Discount Bank and United Mizrahi Bank yesterday introduced accounts based on the basket of currencies to which the shekel was linked as of last Friday.

Discount's "Sal Eshkol" will require depositors to keep their money in the account for a minimum of 12 months, as with similar accounts. But depositors will be permitted to take out loans on their accounts.

Mizrahi's "Sal Paz" accounts, which are available starting today, are also for a minimum period of 12 months. Both the free-account and Patam versions offer interest.

### CURRENCY MARKETS

#### Dollar looks to be oversold

The U.S. dollar continued to drop against major currencies, reaching new lows for the current cycle. Over the week the U.S. currency lost 3.6 per cent against the Swiss franc and 3.1 per cent against the Deutschmark.

The yen gained 2.7 per cent on the dollar, despite the news that Japan's Finance Ministry was studying ways of allowing financial institutions to invest more abroad so that larger capital outflow would help stop a further yen rise.

Fresh signs of a sluggish U.S. economy were evident through data released last week, including an 0.3 per cent drop in factory orders, a \$14.17 billion trade deficit and a large 9.9 per cent drop in single-family home sales in June. The U.S. index of leading indicators showed a

rise of 0.3 per cent, but it had little effect on the markets. The pressure on the dollar intensified late in the week when U.S. Secretary of State Shultz said that the dollar's decline still had some way to go.

The pound sterling did not manage to advance despite reports that some Opec members had agreed to voluntary production cuts.

The decline in the value of the dollar last week resembled panic selling. Now, all technical indicators suggest that the U.S. currency is currently oversold, which means a sharp recovery is due at any moment. Although the major trend for the dollar is down, there is a widespread perception that the fall is overdone.

If a correction comes, the currencies that will be mostly affected are the Swiss franc, and the yen. The pound might stabilize or move less than other currencies.

The column appears courtesy of Boaz Barak Advisory Service.

## Histadrut firms to pay NIS 450 minimum wage as of August 1

By ROY ISACOWITZ  
Post Labour Reporter

TEL AVIV. - The Histadrut's Trade Union Department will today issue instructions to all Histadrut-owned enterprises to begin paying a minimum wage of NIS 450 a month, effective from the beginning of August. The decision to raise the minimum wage was approved by the Histadrut Central Committee yesterday.

The increase will affect a wide range of enterprises, employing between 20 and 25 per cent of the country's workers. The new minimum wage in Histadrut companies will amount to 45 per cent of the average national wage.

The Histadrut went ahead with the unilateral increase after it failed to reach a national agreement with the private-sector employers. The employers have reportedly balked at paying a minimum wage higher than NIS 400 a month.

The negotiations for new work agreements in both the private and public sectors will continue today. Trade Union Department Chairman Haim Haberfeld told the central committee yesterday that the chances of reaching agreement in both sectors by the end of the week were "reasonably good."

In the private sector, an agreement is shaping up whereby a proportionately-high wage supplement would be paid to workers in the low grades. The size of the supplement would decrease as it moved up the wage scale.

In the public sector, Haberfeld said, the employers were inclined to accept the Histadrut's demand that each worker receive a grade promotion by March 1987. Any improvement in wage conditions will be applicable to pensioners as well, Haberfeld said.

### TABA

(Continued from Page One)

pected to resume negotiations in Cairo tomorrow.

It is possible that the delegation will achieve a large measure of progress in its talks in Cairo, and may then contact Jerusalem for permission to initial the agreement. This is likely to spark a row between Peres and Shamir.

On arrival in Israel yesterday evening after a weekend of talks with Egyptian officials, Murphy sped immediately to the Foreign Ministry to meet with Kimche's delegation. Then, at 10.30 p.m., Murphy, Kim-

che, Tamir and senior aides moved to the Prime Minister's Office for further discussions with Peres, Shamir and Weizman.

Still at issue between the Israeli and Egyptian delegations are the nature of the "annex" to the "question" in the compromise - the document that sets out the terms of reference for arbitration - and the identity of the three international arbitrators.

Murphy is understood to have brought with him Egyptian proposals on the names of the arbitrators, as well as other related proposals.

### Nissim, Bruno meet with bankers

Post Economic Reporter

Finance Minister Moshe Nissim and the governor of the Bank of Israel, Michael Bruno, met yesterday with the heads of the commercial banks for what the Treasury called

"an exchange of opinions." It was the first meeting between the minister and the new heads of the commercial banks, after the partial implementation of the recommendations of the Bejski Commission.

## FINANCIAL DATA: ISRAEL, EUROPE, U.S.

### ISRAEL MONEY MARKETS

**SHEKEL INTEREST RATES**  
PRIME BORROWING RATE: 1.25% per month  
Unlinked Deposit (Annual Rates)

|            | Last Updated | Tel Aviv | Pekem 7-Day | Pekem 30-Day |
|------------|--------------|----------|-------------|--------------|
| LEUMI      | 1.8          | 7-17%    | 8-16.5%     | 8-17.75%     |
| HAPOLIM    | 1.8          | 7-17%    | 8-16.5%     | 8-17.75%     |
| DISCOUNT   | 30.7         | 8-14%    | 8-14%       | 8-16.50%     |
| MIZRAHI    | 25.7         | 8-15.50% | 8-16%       | 8-17%        |
| FIRST INTL | 8.5          | 8-16%    | 8-16.5%     | 8-17.75%     |
| REUTERS    | 23.7         | 8-15%    | 8-16%       | 8-17.75%     |

Rates vary according to size of deposit.  
(Tapes: demand deposit paying daily interest.  
Pekem: fixed-term deposit available from 7 to 89 days.)

### PATAH - FOREIGN CURRENCY DEPOSIT RATES (August 1)

|     | 3-MONTHS | 6-MONTHS | 12-MONTHS |
|-----|----------|----------|-----------|
| USD | 5.875    | 5.875    | 6.000     |
| STG | 8.000    | 8.000    | 8.000     |
| DMK | 4.000    | 4.000    | 4.125     |
| SFR | 4.125    | 4.125    | 4.125     |
| YEN | 3.125    | 3.125    | 3.125     |

Rates vary according to size of deposit and are subject to change.

### SHEKEL FOREIGN EXCHANGE RATES (August 1)

|                 | CHEQUES AND TRANSFERS | BANKNOTES | Rep.   |
|-----------------|-----------------------|-----------|--------|
| U.S. Dollar     | 1.4823                | 1.5007    | 1.4823 |
| U.K. Sterling   | 2.2086                | 2.2380    | 2.17   |
| Deutsche Mark   | 0.7087                | 0.7186    | 0.70   |
| French Franc    | 0.2183                | 0.2210    | 0.21   |
| Dutch Guilder   | 0.0828                | 0.0834    | 0.08   |
| Swiss Franc     | 0.0850                | 0.0859    | 0.08   |
| Swedish Krona   | 0.2127                | 0.2153    | 0.21   |
| Norwegian Krone | 0.2006                | 0.2031    | 0.20   |
| Danish Krone    | 0.1882                | 0.1906    | 0.19   |
| Finnish Markka  | 0.2968                | 0.3004    | 0.29   |
| Canadian Dollar | 1.0734                | 1.0867    | 1.07   |
| Aust. Dollar    | 0.8835                | 0.8894    | 0.88   |
| S. Africa Rand  | 0.5768                | 0.5839    | 0.41   |
| Belgian Franc   | 0.3390                | 0.3433    | 0.33   |
| Austrian Sch.   | 1.0083                | 1.0188    | 0.98   |
| Italian Lira    | 1.0352                | 1.0480    | 1.01   |
| Japanese Yen    | 0.0622                | 0.0645    | 0.06   |
| Jordanian Dinar | 1.4823                | 1.5007    | 1.4823 |
| Egyptian Pound  | 1.4823                | 1.5007    | 1.4823 |
| ECU             | 1.4823                | 1.5007    | 1.4823 |

### SUPPLIED BY BANK LEUMI

### EUROPEAN FINANCIAL MARKETS

#### PRECIOUS METALS

**GOLD:** LONDON A.M. FX 360.50 P.M. FX 361.00  
PARIS NOON FX 362.59 ZURICH P.M. 358.00  
**SILVER:** LONDON FX 505.00  
**PLATINUM:** LONDON P.M. 484.25  
**PALLADIUM:** LONDON P.M. 113.25

### FOREIGN CURRENCY CROSS RATES (London 15.30GMT)

Forward Rates

|                        | SPOT       | 2 MTHS    | 3 MTHS    | 6 MTHS    |
|------------------------|------------|-----------|-----------|-----------|
| DEUTSCHE MARK          | 2.0875/90  | 64/59     | 65/60     | 180/170   |
| POUND STERLING         | 1.4835/45  | 84/82     | 123/121   | 249/835   |
| SWISS FRANC            | 1.6750/70  | 50/45     | 70/65     | 150/140   |
| JAPANESE YEN           | 153.50/60  | 52/50     | 79/73     | 152/148   |
| FRANCO BELGIAN         | 6.7750/25  | 20/45     | 45/45     | 80/120    |
| ITALIAN LIRA           | 1.4320/075 | 1050/1125 | 1650/1750 | 3325/3475 |
| DUTCH GILDER           | 2.3515/25  | 33/30     | 52/48     | 102/96    |
| BELGIAN FRANC          | 43.220/240 | 5.5/7.5   | 9/11      | 18/23     |
| DANISH KRONA           | 7.4785/95  | 230/280   | 420/470   | 785/885   |
| AFRICAN RAND           | 0.5952/72  | 35/31     | 45/41     | 80/70     |
| EUROPEAN CURRENCY UNIT | 1.0115/25  | 19/15     | 28/22     | 48/43     |
| FINNISH MARK           | 4.3800/20  | 500/540   | 710/780   | 1350/1450 |
| AUSTRALIAN DOLLAR      | 0.8012/19  | 86/83     | 123/118   | 213/207   |
| NORWEGIAN KRONA        | 7.4600/90  | 1025/1045 | 1520/1540 | 3050/3080 |

Formula for determining forward rates:  
High/Low (eg. 220/210) - add to spot price.  
Low/High (eg. 210/220) - add to spot price.

### NEW YORK FINANCIAL MARKETS

#### U.S. MONEY RATES

Prime rate 8.00%; Broker Loan 7.50%; NY Euro 3 months 6 1/4 - 7 1/4%; Fed Funds late 6 1/4%

#### NEW YORK FOREIGN EXCHANGE

|                  | DMK       | SFR       | STG       | YEN       | DMK       |
|------------------|-----------|-----------|-----------|-----------|-----------|
| PREVIOUS CLOSING | 2.0870/80 | 1.6700/20 | 1.4835/45 | 153.70/80 | 1.3800/05 |
| OPENING          | 2.0810/20 | 1.6760/90 | 1.4880/90 | 154.00/10 | 1.3790/04 |
| LATEST           | 2.0850/80 | 1.6715/25 | 1.4770/80 | 153.95/05 | 1.3802/07 |

#### Comment

The dollar closed mostly higher Friday, after drawing limited benefit from a slightly better than expected 358,000 gain in July U.S. non-farm payroll jobs and a 0.3 per cent rise in U.S. leading indicators for June. The data were unimpressive to a market convinced the dollar's trend is down. Sterling fell after UAE Oil Minister Oteibi said Opec is far from agreement.

Due to technical problems, Israeli stocks traded on the New York and American stock exchanges were unavailable yesterday.

### WALL STREET Closing Prices (August 1)

|               | Dow Jones Indices | NYSE Highest Volume |
|---------------|-------------------|---------------------|
| IND           | 1,763.84 -11.67   | AMER ELECT 29 1/2   |
| TRANS         | 713.00 3.13       | U S X CORP 15 1/2   |
| UTILS         | 203.28 + 0.77     | LESIE FAY 17 1/2    |
| GS STKS       | 682.88 - 3.80     | FREIHAUF 47 1/2     |
| NYSE COMP     | 135.29 - 0.80     | N.L. IND 3 1/2      |
| NASD COMP     | 370.68 + 0.71     | DAR + KRFT 59 1/2   |
| S-P 100 INDEX | 220.48 - 1.70     | MESA PETE 3 1/2     |
| S-P COMPOSITE | 224.81 - 1.21     | ATT 23 1/2          |
| AMEX INDEX    | 281.02 - 0.54     | SARWAY 6 1/2        |
|               |                   | OWENS-CORN 84 1/2   |

#### Statistics

|        | NYSE | VOL        | 114,920,000 | STOCKS UP | 659  | DOWN | 827  |
|--------|------|------------|-------------|-----------|------|------|------|
| NASDAQ | VOL  | 99,373,900 | (Aug. 1)    | STOCKS UP | 1025 | DOWN | 1058 |

#### Comment

Stocks fell Friday to their fourth loss in five sessions last week, as the selling wave that started in early July carried into August, wiping away a morning rally on stronger economic data.

The July stock market decline was the biggest one-month fall in more than five years, as measured by some broad market indicators, said Phil Roth of E.F. Hutton. The Dow Jones Industrial Average slid 12 points to 1763, the lowest close since May 19, down 46 for the week. Declines led advances by a four-three margin on 115 million shares traded.

American Electric led advances, unchanged at 29 1/2.

### OVERSEAS FINANCIAL DATA

PROVIDED BY REUTERS MONITOR

### ISOOF - Information and Security Services

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## Tel Aviv Stock Exchange

### MARKET STATISTICS

| Indices:            |               | Turnovers:     |               |
|---------------------|---------------|----------------|---------------|
| General Share Index | 112.67 -0.57% | Shares - total | NIS 8,902,400 |
| Non-Bank Index      | 136.78 -0.37% | Arrangement    | NIS 3,825,800 |
| Arrangement         | 102.93 -0.13% | Non-bank       | NIS 4,976,600 |
| Insurance           | 150.11 +3.39% | Bonds - total  | NIS 3,825,800 |
| Commercial Services | 159.78 +0.75% | Dollar-linked  | NA            |
| Real Estate         | 170.00 +0.37% | Rimor          | NA            |
| Industrials         | 124.58 +3.24% | Gilboa         | NA            |
| Textiles            | 151.53 +3.89% | For Curr.      | Mixed to 1%   |
| Metals              | 118.81 +2.94% | Treasury Bills | NA            |
| Electronics         | 32.41 +1.24%  |                |               |
| Chemicals           | 126.87 +0.52% |                |               |
| Industrial Invest.  | 138.05 +3.75% |                |               |
| General Bond Index  | 110.70 -0.01% |                |               |
| Index-linked Bonds  | 111.70 -0.17% |                |               |
| Short-term Bonds    | 113.57 +0.25% |                |               |
| Long-term Bonds     | 110.64 -0.18% |                |               |
| Dollar-linked Bonds | 97.84 -1.30%  |                |               |
| Short-term 2-5 yrs  | 108.37 -0.01% |                |               |
| Medium-term 2-5 yrs | 109.87 -0.01% |                |               |
| Long-term 5+ yrs    | 106.25 -0.25% |                |               |

### SELECTED PRICE QUOTATIONS

| Name                                  | Price | Volume | %     |
|---------------------------------------|-------|--------|-------|
| Trade & Services                      |       |        |       |
| Meir Extra 2                          | 4695  | 274    | -0.1  |
| Super 2                               | 5140  | 1818   | +3.4  |
| Delek                                 | 2890  | 3673   | +5.8  |
| Lighterage                            | 11885 | -      | +5.0  |
| Cold Storage                          | 2032  | 423    | -     |
| Dan Hotels                            | 3550  | 10     | -0.4  |
| Yarden Hotel                          | 3151  | 120    | +0.0  |
| Hilton 1                              | 13559 | 12     | +0.8  |
| Team 1                                | 1893  | 301    | +3.5  |
| Real Estate, Building and Agriculture |       |        |       |
| Azoria                                | 815   | 9316   | +4.2  |
| Eilon                                 | 430   | 6213   | +3.9  |
| Africa Air 0.1                        | 31910 | 252    | +8.4  |
| Denkora                               | 4190  | 693    | +3.2  |
| Prop. & Bldg.                         | 2870  | 4099   | +3.9  |
| Bayside 0.1                           | 4782  | 928    | +10.0 |
| ILDCr                                 | 49200 | 778    | +5.8  |
| Rasoco                                | 9508  | 8.0    | +5.0  |
| Metadim                               | 7050  | 300    | +4.4  |
| Hadarim                               | 1145  | 3788   | +4.6  |
| Industrials                           |       |        |       |
| Dubek                                 | 3390  | 1886   | +5.0  |
| Prizma                                | 1905  | 1472   | +5.8  |



# THE JERUSALEM POST

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## Death takes no holiday

ONCE AGAIN the nation is mourning a large number of their fellow-Israelis, including nine kibbutz children and one adult who died terrible deaths in a van that had become a blazing inferno after a crash with a truck on the Ta'anachim road. The fact that these children were coming home from summer camp when they perished so tragically triggers memories of the disaster last year at the Hahonim level crossing.

There is, however, a clear distinction between the Hahonim catastrophe and the one on the Ta'anachim road. The first accident involved a train and a level crossing, and it was comparatively easy to pinpoint flaws in existing systems at such crossings and to suggest remedies. With regard to last Thursday's accident - one of several including one dreadful five-car pile-up on the Jerusalem-Tel Aviv road - it is far more difficult to work out practical reforms.

The police are investigating the accidents, but, in the meanwhile, there has been a spontaneous but frustrated outburst of public indignation about death on the roads. The public are insistent that somebody must be culpable, and that something should be done forthwith to bring down the toll of death on the roads.

This public clamour resulted in the problem being given a high priority at yesterday's meeting of the cabinet. A large part of the meeting was devoted to the subject. It was eventually decided to hold a wide-ranging discussion after the police report is received, and to appoint a ministerial committee to consider action.

This is not the first time that death on the roads has been given such high priority by the government, and the action is long overdue. The fact is that day after day somebody is dying or being injured, unnoticed by the public, in a road accident. From January to March, 1986, there were 3,541 road accidents in Israel in which people were hurt, involving 91 killed, 856 severely injured and 4,101 less seriously injured. This means, on average, that a person is being killed and ten severely mutilated every day.

Cynics might suggest to the terrorists that they need not risk their lives attacking Israelis, they should just leave it to the Israelis to destroy each other with automobiles.

But what really causes road accidents in Israel?

Deputy Prime Minister David Levy suggested rather demagogically yesterday that the typical Israeli driver is a murderer, or a would-be suicide, or a combination of these two things, and that he must be severely disciplined. Transport Minister Haim Corfu laid heavy stress on the need to abolish taxes and other imposts on air-conditioners in cars, meaning that the summer heat is a major culprit.

These ministerial pontifications, aired on the radio, prompted David Zeidel, an expert on traffic at the Haifa Technion, to respond, also on the radio, that research had not proved that the Israeli driver was any worse than any other driver, or that there are more road accidents in mid-summer than in mid-winter. He would not budge even in the face of furious telephone calls by listeners to Kol Yisrael insisting on the Israeli driver's right to be regarded as public enemy number one.

It is all very perplexing. The confusion may in fact be worse confounded when it is realized that, in regard to road accidents, Israel enjoys two blessings that distinguish it from most of the rest of the Western world. One is that we have no drunken driving - drunkenness is a frequent cause of fatal accidents in the West. Secondly, the cars that most Israelis drive are comparatively small and low-powered.

What is sticking out like a sore thumb is that most of the solutions proposed are based on stereotypes, clichés, and commonly accepted, but unproven, folk wisdom. Considering that accidents are an epidemic as costly to the country as cancer or heart attacks, it is amazing that so little effort has been made to analyze accidents scientifically. Such research as has been done has been financed on a shoestring basis.

Thus the first priority is to sponsor massive research. It may well be that scientific research will not produce comprehensive solutions. There may be no cures for the disease of dangerous driving. But such research should be undertaken. Attempting one glib solution or another is only a sign of panic. The evil may be due to the roads, or the drivers, or the laws, or the heat, or any of the other reasons suggested. But let us first take time off to find the real answers.

## SHCHARANSKY

(Continued from Page One)  
will all be able to live quietly like ordinary people.  
"Mother is very pleased. Every day, when Anatoly was in camp and afterwards, we discussed our separation. Not a single day went by without us thinking about it. We are very tired and now it is time to relax," he said.

The granting of exit visas to Shcharansky's family was part of the spy swap deal in the framework of which Shcharansky was released several months ago. But despite this, the Soviets delayed carrying out this

part of the bargain.  
Shcharansky said he believed American pressure was responsible for the apparent Soviet change of heart.

He repeated his call yesterday for an open, vociferous campaign on behalf of Soviet Jewry, saying that the Soviets must feel the pressure precisely on sensitive issues and occasions.

He said that Israel must not enter into any talks with the USSR on re-establishing consular relations without a prior arrangement for the free emigration of Soviet Jews.

## IDF

(Continued from Page One)  
strategic imperatives to future generations. If, for example, the generals decide to build a small but highly sophisticated army, based on a rapid response in the early stages of battle, they are in fact dictating pre-emption as a cornerstone of Israeli strategy.

At the heart of the issue is the future composition of the IDF: what percentage of the cake will be spent on training, operation and stockpiles, as opposed to the acquisition and development of new weapons.

These are some of the basic dilemmas:  
□ the size of the Air Force in relation to other branches of the Army, and the internal mix of front-line as opposed to less sophisticated aircraft.

□ What number of Levi fighters the Air Force will procure through to 1996.

There will have to be a fundamental decision concerning the economic viability of the Law programme. It obviously is out of the question to continue with the multi-billion dollar project if only 50 Lavis - again hypothetically - are intended for procurement.

Also under consideration will be the viability of embarking on an ambitious naval development programme that includes new sub-

marines and missile boats, and the consequences of not doing so, given the growth of the confrontation states' navies in coming years.

Other considerations to be debated:

□ A look at the size of Israel's armoured forces, the number of formations and the structure and composition of these forces.

□ The place of the attack helicopter in Israeli doctrine.

□ An answer to the growing conventional artillery threat, and development of anti-missile-missile systems in Israel.

□ Investment in command and control capabilities to maximize inter-force cooperation.

High on the agenda will be the growing threat to Israel's civilian population and prepositioning sites from ground-, sea- and air-launched missiles; accelerated Syrian acquisition of advanced chemical warfare capabilities; the advances in Arab air forces, and the tremendous advances in electronic sophistication in all branches of the forces.

The General Staff's debate on the plan comes after months of preparation by the deputy chief of general staff, responsible for formulating the IDF's order of battle, and the chief of long-range planning, responsible for assessment.

# Allow a free hand

Teddy Arnold

WHEN I was 15 years old, I was a member of a terrorist gang. Just as in any other place where there are big boys and small boys, there were bullies at our school. Four or five of us do-gooders, all tall and hefty, terrorized the bullies.

When a complaint was received and substantiated, the culprit was warned. Upon a second complaint, the culprit was caught and scientifically dismantled. No third complaint was ever received.

One evening 27 years later, my commanding officer came up to me while I was trying to shave with half a cup of water and said: "Teddy, why did you beat up Sergeant X? He bled like a pig and had to be patched up in several places."

I was a buck private and we were in enemy territory in the midst of a war. It didn't look good to me. The only thing in my favour was that the captain was little more than half my age.

"Morke," I said meekly. "Sergeant X said to me: 'Here, Adolf Hitler, hand us down the water'."

This had been without malice, but there are some things which are better left unsaid if you don't want to get a pair of army boots in your belly. Captain Morke pondered this and remarked: "Serves him right."

You might conclude from the above that I am a sinister type better not met in a dark alley. You would be wrong. I am a friendly sort of Caspar Milktoast and not inclined to violence.

IN BOTH the above-mentioned cases, punishment was meted out without due process of law.

According to the pious bleating heard these days, from former justice minister Haim Zadok to the highest echelons of the incumbent establishment, about the sovereignty of the law, the law is holy and an end in itself. This is hypocrisy and dangerous nonsense. The law is often an ass and always a means to an end. The end, of course, is that people should be able to live with each other. If everyone kept to the rule of Hillel - "Do not do unto your neighbour..." - we would hardly need any law.

There is a law against adultery. Try lodging a complaint with your friendly police station: the desk sergeant will live off the story until pensionable age.

There is a law against a company buying its own stock. This is exactly what all the banks did to keep the price of their stocks high - with the

connivance of the Bank of Israel. No one went to jail for this offence which will cost the taxpayer a pretty penny.

Everyone is aware of many more such instances where the law is "more observed in the breach," but there is one place where the law, in its broad sense, does not apply at all: the security services. Does this mean that a security agent is beyond or above the law? No, if he steals your oranges or mistreats your dog, he has to answer to the law like everyone else. But in his professional work, he is outside the law. This is because so much of his work is literally outside the law. Every other interpretation is sheer hypocrisy: you want the steak, but you charge the man who slaughters the cow with cruelty.

You may remember the murder of the 11 athletes in Munich. The perpetrators did not die natural deaths. I can remember no complaint by the then attorney-general, the then minister of justice - could it have been Mr. Zadok? - or anybody else. No one was outraged. This writer, for one, was filled with both satisfaction and admiration.

Let us now assume that you, the reader, are not a remote spectator but a participant in such an action. Without divulging any state secrets and relying only on common sense, you would be briefed, acquire a new identity, corresponding documents and an untraceable weapon, and kill the culprit.

Mission accomplished. You are coming home to your country, a patriot and a hero, albeit unsung. At the airport, you are arrested. The attorney-general has instructed the police to investigate the following charges:

- Conspiracy to commit a crime.
- Use of forged documents.
- Carrying illegal weapons.
- Committing murder.

Now you must admit that the attorney-general is perfectly right in every instance, but you will not like this, and neither do I.

REGRETTABLY, there is a world of difference between the heroes of film and fiction and those of real life. The security services are not staffed with Waynes, Smiles, 007s, or even attorney-generals, but with men. They are patriotic, dedicated, skilled, courageous men - but men nevertheless, and, as such, fallible.

## Praise for a whistle-blower

David Twersky

THERE IS more at stake in the unfolding GSS affair than determining the extent of Yitzhak Shamir's knowledge about the "lynch" and the cover-up. Whether Shamir knew (and at what point) is an important question, and the investigation must determine whether GSS head Avraham Shalom is telling the truth when he says that he acted throughout with the approval of the political echelon. But whether Shamir is found to bear culpability for any part of the affair, continuing to treat GSS "rebel" leader Reuven Hazak, the man who blew the whistle, as if he were morally leperous, represents a major miscarriage of justice. Therefore, Minister of Police Haim Bar-Lev's remarks, quoted in the *Jerusalem Post* of July 24, that Shalom is "the really tragic figure" in the affair

and casting doubt on Hazak's motives are unfortunate.

When Hazak, then deputy head of the GSS, came to Prime Minister Shimon Peres to present the case against his boss, Shalom, Peres did not believe him. By choosing to back the GSS head, the prime minister set in motion a chain of events which forced Hazak, along with two of his GSS colleagues, out of the service. The three were denounced as "rebels" organizing a "putsch" to secure the position of GSS head for Hazak.

Peres asked Hazak why he had waited so long to come to him with the report of skulduggery. We now

know that Hazak waited for the internal disciplinary court of the intelligence community to finish its proceedings on September 6, 1985. One day later, Shalom left for a month's vacation abroad, leaving the GSS in Hazak's hands. It was only after he returned that Hazak went to him to demand his resignation over the killing and the cover-up, and finally for permission to put his case before Peres. Hazak met with Peres on October 23, a couple of weeks after Shalom returned - not "a year and a half after" the event.

It was the cover-up within the intelligence community which forced his hand: the "inner laws" of the service had already been broken by the cover-up. Going to Shalom and Peres would most likely lead to his, Hazak's, leaving the service,

even if he was successful in forcing Shalom to leave as well.

NOW DEFENCE Minister Rabin has apologized to General Yitzhak Mordechai for the frame-up against him. But Peres has yet to apologize to the GSS "rebels" without whom that frame-up would not have been uncovered. The rebels did not request nor receive a presidential pardon, and might face indictment following the police investigation of the affair. Surely, Hazak and his two comrades, who did not issue or carry out the order for the killings or for the cover-up, and who, according to their own lights, sought to set things back on an even course, deserve better. They are outside the service to which they devoted so much of their lives; they remain stigmatized as "conspirators" bent on self-gain; they cannot find new jobs.

But the charges Hazak made in

Peres's presence, which the prime minister erroneously dismissed, have been substantiated by events. In defending their requests for presidential pardons, Shalom and his associates told the Supreme Court that they had admitted to their guilt in the affair.

If Shalom is guilty, then Hazak was right. If Hazak was right, the least he deserves is an apology.

CERTAINLY PERES is a big enough man to admit, however belatedly, that he might have made a mistake of judgment in backing Shalom and in dismissing Hazak. If Hazak was only out for self-promotion, he still deserves an apology. After all, he was right, and Peres might have been better advised to believe him back in October. If his motives were purer, he deserves recognition as a patriot.

By concentrating on Shamir - who may have known - and by leaving the guilty although already pardoned Shalom in the GSS saddle, Israeli democrats are contributing to a miscarriage of justice. If Shamir is under suspicion, it is for giving Shalom a green light, or retroactive backing, for illegal acts which Hazak helped uncover. The politics of the affair must not dictate a strategy that ignores the crying need to apologize to Hazak and the GSS rebels. Otherwise, the lynch goes on.

David Twersky is the editor of *Spectrum*, the Israeli labour movement monthly.

## READERS' LETTERS

### DIAMOND BOURSES

To the Editor of *The Jerusalem Post* Sir, - With reference to your article of July 11, "World diamond group won't admit India," I wish to point out that no application from India to join the World Federation of Diamond Bourses was in front of the assembly - so no rejection did or could take place.

We would very much welcome India joining the World Federation as soon as the normal requirements for joining are fulfilled. Important amongst these requirements is that no discrimination should be practised against other members of the World Federation.

We are very much looking forward to normal commercial and business relations being established between India and Israel and to the same facilities being afforded to Israeli businessmen in India as are being afforded to Indian businessmen in Israel.

I would also like to make it perfectly clear that India's application for membership was never rejected. At the General Assembly in Antwerp in 1984, their application was deferred until such time as our requirements are met.

E. GOLDSTEIN,  
President,  
World Federation of Diamond Bourses  
London.

### INFORMATION PLEASE

To the Editor of *The Jerusalem Post* Sir, - I recently phoned the telephone information service (14) to find out the phone number of a branch of Bank Leumi which opened less than a month ago in Rishon LeZion. I was told that, since it was newly opened, the number was not yet listed. The same thing happened to me some time ago when I tried to find out the phone number of a newly opened manpower office in Rehovot.

What is the information service for?

ALICE ROZYCKI  
Rishon LeZion.

To the Editor of *The Jerusalem Post* Sir, - According to the public opinion polls, the public is sick and tired of the Bus 300 affair, falsely paraded as the GSS affair. It is unbelievable how a sane country can be turned upside down by a band of fanatical anarchists, who then proceed to cry out for law and order. We are in cloud-cuckoo-land *par excellence*.

The healthy majority, whose mind has not yet been knocked out by the deluge of rubbish to which it is

### COMMENTARY WORTH REMEMBERING

To the Editor of *The Jerusalem Post* Sir, - In response to Henry Siegman's rhetorical question, "Is it really so unthinkable that what a secret service is permitted to do with Arabs, they will one day feel free to do with Jews as well?" (July 9), may I quote the late anti-Nazi activist and concentration camp prisoner Pastor Niemöller who wrote afterwards: "They came for the Communists, but I wasn't a Communist - so I didn't object; 'They came for the Socialists, but I wasn't a Socialist - so I didn't object; 'They came for the trade-union leaders, but I wasn't a union leader - so I didn't object; 'They came for the Jews, but I wasn't a Jew - so I didn't object; 'They came for me - and there was no one left to object.' It is a commentary which we would all do well to remember. Jerusalem. TED GROCOFT

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### CLOUD-CUCKOO-LAND

systematically subjected, no doubt approves of any effective measures called for to foil the totally inhuman plotters against our lives. There is absolutely no reason to curb those engaged in this thankless and most unesthetic task. To invoke the due process of law on behalf of the terrorist assassins happily dispatched to where they can no longer harm us, when their duty sentenced fellow

brutes are running around free to sharpen their knives against us, is to stretch sanity beyond its furthest limits.

We certainly need a probe. There is something basically amiss when no steps can be taken against those who smuggled photographs of the Bus 300 rescue operation to the foreign press and thereby made common cause with Israel's sworn enemies.

AVNER TOMASCHOFF  
Jerusalem.

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## Dry Bones

AS EGYPTIAN MINISTER OF TOURISM I WILL NOT DEAL WITH ANY POLITICAL QUESTIONS.

NEXT QUESTION!

MR MINISTER.

WHEN WILL EGYPTIAN TOURISTS BE ALLOWED TO FREELY VISIT ISRAEL?

I MUST REPEAT..

AS EGYPTIAN MINISTER OF TOURISM I WILL NOT DEAL WITH ANY POLITICAL QUESTIONS!

government has surrendered. It was then that the rot got out of hand.

WHAT should we learn from the above? That you should not join the security services? That's not new. That politicians are two-faced, self-seeking (expletive deleted)? That's not new either. It's the same the whole world over, and people live with it. In other countries, too, there are no written orders concerning what an agent may or may not do but he is told by his superiors, and the judiciary is told by the government where to get off. In our country, the lawyers and the Pharisees have well-nigh taken over the executive.

A judge is all very well in his place, which is the bench. The growing habit of various governments to appoint judicial commissions instead of taking decisions when they are baffled has provided the legal profession both with haloes and with swelled heads. A judge is only competent to decide on legal matters, not on battlefield situations - and this is what the GSS is faced with.

An agent is often enough faced with a situation which has not been foreseen by Le Carré, much less the law, and must use his own best judgment. But in extreme cases, which do not fit the guidelines pro-

vided, there must be a body entitled to judge and, if need be, to punish an agent. Such a body must not be in the public domain, and it must be composed of men both conversant with the special problems and their legal implications. We have no lack of such men. The prime minister should not be part of this body - as the direct boss of the GSS, his impartiality would be suspect.

No doubt there is justice even outside the law. This justice must be done.

In a country lawless enough to enable the government to release 1,150 security prisoners without even a pretext of law, we obviously need a law to tell the security services how to wash their dirty linen in private. And we need another law to keep the attorney-general out of the GSS's affairs. If the incumbent really wants to learn the facts of life and how to gather information, he should let himself be interrogated by Ahmed Jibril.

But most of all we need an election law that enables the biggest party to constitute a government that is able to govern - not appoint commissions. We have a permanent commission, the state comptroller, in case you have forgotten - and he should do us for a lifetime.

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